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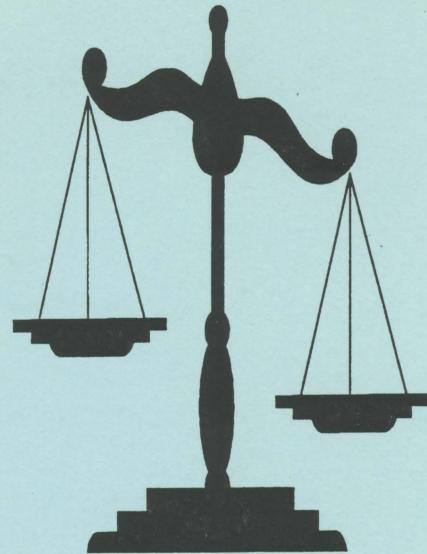
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*LEGAL
MALPRACTICE
INSURANCE
REPORT
1997*



**MISSOURI DEPARTMENT OF INSURANCE
STATISTICS SECTION**

**MISSOURI
LEGAL
MALPRACTICE
INSURANCE
REPORT
1997**

**Missouri Department of Insurance
Statistics Section
October 1998**

LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1987 to 1997.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 15 Supplement to the companies' annual statements, are presented in the final section.

In 1997 the loss ratio for legal malpractice insurance in Missouri was 59 percent, or a slight increase from the 1996 loss ratio of 52 percent. Of all claims closed¹, 518 (23%) were closed with payment. Claims closed in 1997 totalled 296 or a 3 percent increase from the previous year.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense, or LAE, (i.e. legal fees, claims adjustment costs, etc.) - has fluctuated over the past 11 years. In 1997, the average loss adjustment expense for all claims closed with payment was \$21,245, while the expenses for all claims, closed with or without payment, averaged only \$5,096. During a span of 11 years, the highest average loss adjustment expense for claims closed with payment occurred in 1989 at \$91,766.

In producing this report, indemnities paid on closed claims have been categorized by various claim characteristics. The number of closed claims, average paid claim, and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred
- Alleged error or omission which was the most significant reason for making the claim
- The legal disposition of the claim at the closing date
- The number of years the insured had been in practice at the time of the alleged error or omission
- The relationship of the insured to the claimant

¹Claims closed in 1997 may have resulted from incidents in any previous period.

By area of law, the largest percentage of claims closed in 1997 (83 out of 296) were initiated by plaintiffs in *bodily injury/property damage cases (BI/PD - Plaintiff)*.

The largest proportion of all claims closed in 1997, as well as the 11 years, involved the *commencement of the legal action or proceeding. Failure to know or ascertain deadline correctly* was the most common reason stated for filing a claim in 1997. The alleged error that generated the largest number of claims over the 11-year span — 286 — was *planning or strategy error*, followed by *failure to know or ascertain deadline correctly* with 244 closed claims. Fifty-five percent (55%) of all claims paid during 1997 were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis - years admitted to practice and insured/claimant relationship - only the 11-year and current year experience are reported. The three spans of years admitted to practice are: *under 4 years, 4 to 10 years and over 10 years*. The largest proportion of losses — seventy-two percent (72%) — occurred in the last group, *over 10 years admitted to practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service, non-client, member of pre-paid legal plan and client other than the preceding*. The most claims occurred in the category of *client other than the preceding* (i.e., client who did not receive free legal service and who is not a member of a pre-paid legal plan).

Only 12 companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 1997. The Bar Plan Mutual Insurance Company has commanded at least 62 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
 Missouri Market Share Report
 Missouri Products Liability (Closed Claim) Report
 Missouri Health Maintenance Organization Report
 Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
 Missouri Mortgage Guaranty Report
 Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

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**ELEVEN YEAR
SUMMARY
(1987-1997)**

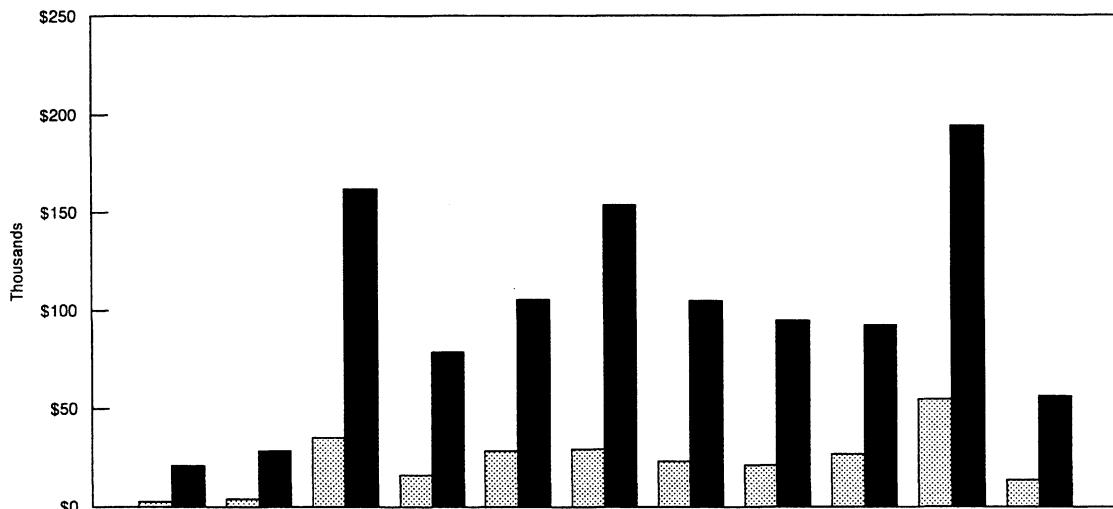


LEGAL MALPRACTICE EXPERIENCE
ELEVEN YEAR SUMMARY
(1987 - 1997)

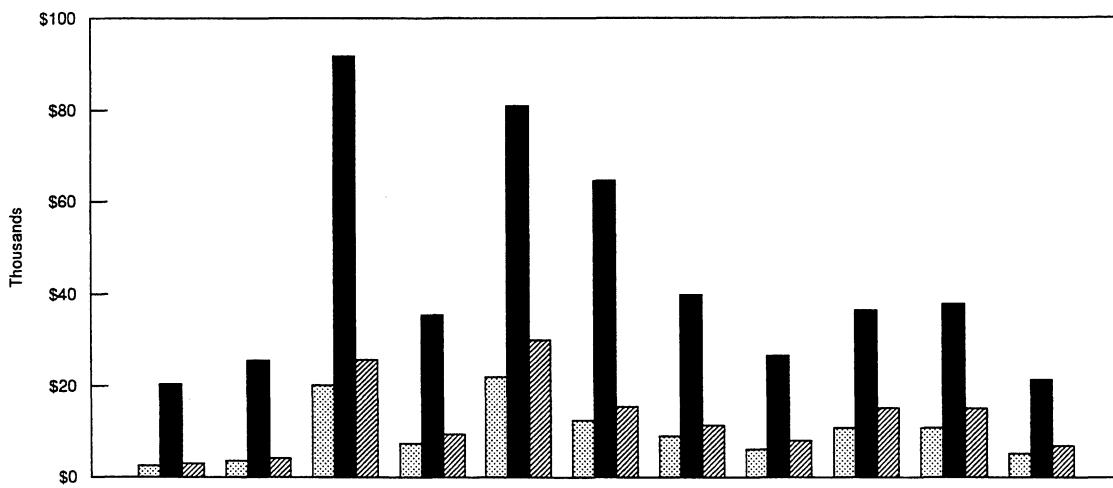
Closed Claims	Number of Claims	Percent of Claims	INDEMNITY PAID		LOSS EXPENSES	
			Total Claims Paid	Average Claim Paid	Total Expenses Paid	Average Expense Paid
All Closed Claims	2,227	100.0%	57,639,783	25,882	22,235,316	9,984
Closed with Payment	518	23.3%	57,639,783	111,274	15,328,194	29,591
Closed without Payment	1,709	76.7%	0	0	6,907,122	4,042
Claims Settled Through Court Proceedings	214	9.6%	9,185,872	42,925	6,150,633	28,741
Court Proceedings Resulting in Payment	39	1.8%	9,185,872	235,535	3,405,740	87,327

MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID CLAIM

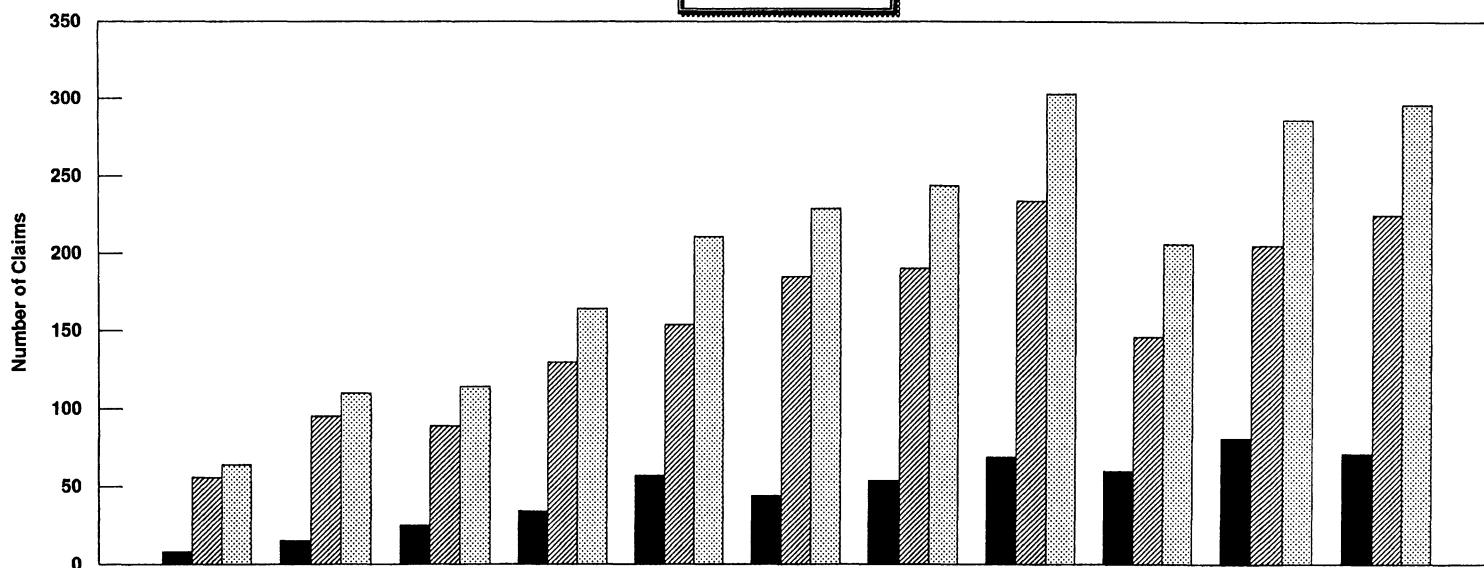


AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT
1987 - 1997



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
■ CLOSED WITH PAYMENT	8	15	25	34	57	44	54	69	60	81	71
▨ CLOSED WITHOUT PAYMENT	56	95	89	130	154	185	190	234	146	205	225
▨ TOTAL	64	110	114	164	211	229	244	303	206	286	296

**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
AREA OF LAW**

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	583	190	36.68%	\$79,341	\$15,074,842	26.15%	\$5,238
BUSINESS TRANSACTION/COMMERCIAL LAW	234	46	8.88%	\$201,128	\$9,251,891	16.05%	\$13,412
ESTATE, TRUST & PROBATE	232	65	12.55%	\$72,033	\$4,682,162	8.12%	\$7,887
REAL ESTATE	225	46	8.88%	\$99,643	\$4,583,598	7.95%	\$13,283
FAMILY LAW	214	42	8.11%	\$67,318	\$2,827,342	4.91%	\$6,613
COLLECTION & BANKRUPTCY	195	46	8.88%	\$22,220	\$1,022,137	1.77%	\$4,478
CRIMINAL	113	7	1.35%	\$25,643	\$179,500	0.31%	\$2,570
BI/PD - DEFENDANT	110	16	3.09%	\$311,126	\$4,978,017	8.64%	\$6,826
SECURITIES (S.E.C.)	48	10	1.93%	\$742,058	\$7,420,577	12.87%	\$106,221
WORKERS COMPENSATION	45	12	2.32%	\$29,898	\$358,773	0.62%	\$2,208
LABOR LAW	42	7	1.35%	\$97,649	\$683,543	1.19%	\$8,657
CORPORATE & BUSINESS ORGANIZATION	37	7	1.35%	\$518,571	\$3,630,000	6.30%	\$17,720
CIVIL RIGHTS & COMMISSION	35	2	0.39%	\$58,000	\$116,000	0.20%	\$6,273
TAXATION	33	7	1.35%	\$46,400	\$324,799	0.56%	\$15,855
LOCAL GOVERNMENT	31	1	0.19%	\$6,500	\$6,500	0.01%	\$1,786
PATENTS, TRADEMARKS, COPYRIGHTS	18	3	0.58%	\$22,932	\$68,796	0.12%	\$4,557
CONSTRUCTION (BUILDING CONTRACTS)	12	5	0.97%	\$111,479	\$557,393	0.97%	\$17,805
GOVERNMENT CONTRACTS & CLAIMS	6	2	0.39%	\$833,631	\$1,667,262	2.89%	\$54,469
CONSUMER CLAIMS	5	1	0.19%	\$96,651	\$96,651	0.17%	\$39,427
IMMIGRATION & NATURALIZATION	3	0	0.00%	\$0	\$0	0.00%	\$0
ADMIRALTY	2	1	0.19%	\$15,000	\$15,000	0.03%	\$6,718
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
ENVIRONMENT	1	1	0.19%	\$40,000	\$40,000	0.07%	\$0
INTERNATIONAL LAW	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

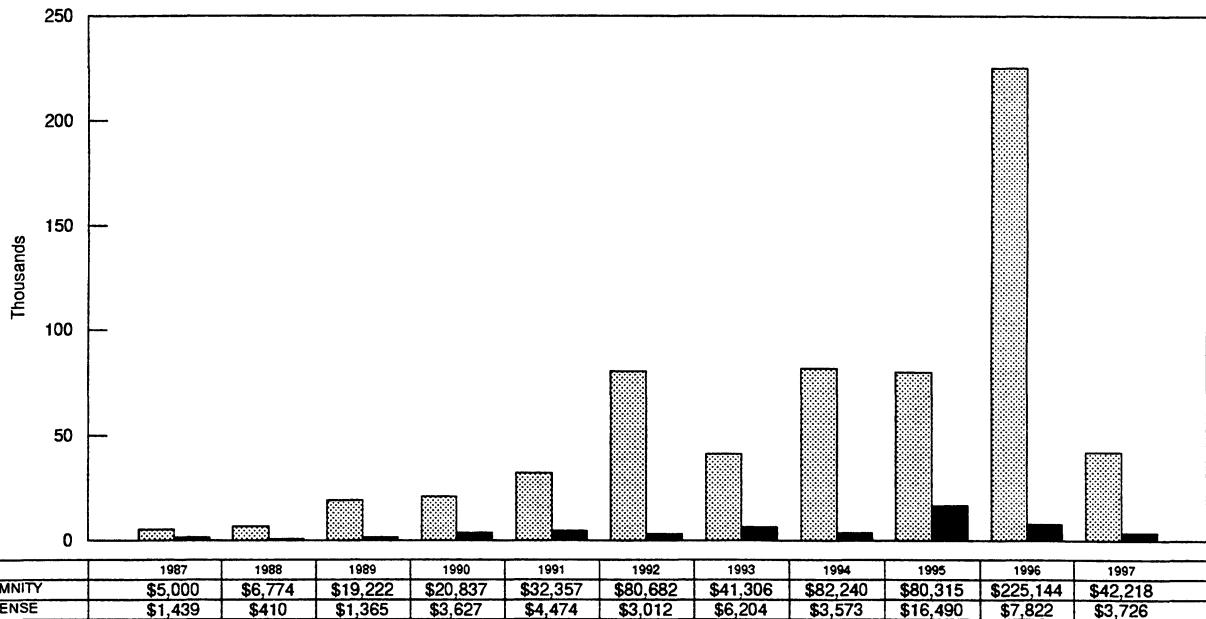
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	83	24	33.80%	\$42,218	\$1,013,239	25.25%	\$3,726
COLLECTION & BANKRUPTCY	36	5	7.04%	\$14,600	\$73,000	1.82%	\$1,440
ESTATE, TRUST & PROBATE	36	14	19.72%	\$42,540	\$595,559	14.84%	\$7,240
FAMILY LAW	29	6	8.45%	\$55,517	\$333,100	8.30%	\$2,923
REAL ESTATE	26	5	7.04%	\$15,600	\$78,000	1.94%	\$2,232
BUSINESS TRANSACTION/COMMERCIAL LAW	21	7	9.86%	\$121,483	\$850,378	21.20%	\$15,131
CRIMINAL	16	2	2.82%	\$3,750	\$7,500	0.19%	\$2,272
BI/PD - DEFENDANT	11	2	2.82%	\$393,415	\$786,830	19.61%	\$18,787
WORKERS COMPENSATION	10	4	5.63%	\$49,875	\$199,500	4.97%	\$5,088
CIVIL RIGHTS & COMMISSION	8	0	0.00%	\$0	\$0	0.00%	\$6,411
LABOR LAW	6	1	1.41%	\$60,000	\$60,000	1.50%	\$8,641
LOCAL GOVERNMENT	4	0	0.00%	\$0	\$0	0.00%	\$3,210
CORPORATE & BUSINESS ORGANIZATION	3	0	0.00%	\$0	\$0	0.00%	\$738
ADMIRALTY	2	1	1.41%	\$15,000	\$15,000	0.37%	\$6,718
TAXATION	2	0	0.00%	\$0	\$0	0.00%	\$278
CONSTRUCTION (BUILDING CONTRACTS)	1	0	0.00%	\$0	\$0	0.00%	\$0
GOVERNMENT CONTRACTS & CLAIMS	1	0	0.00%	\$0	\$0	0.00%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

**TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 1997**

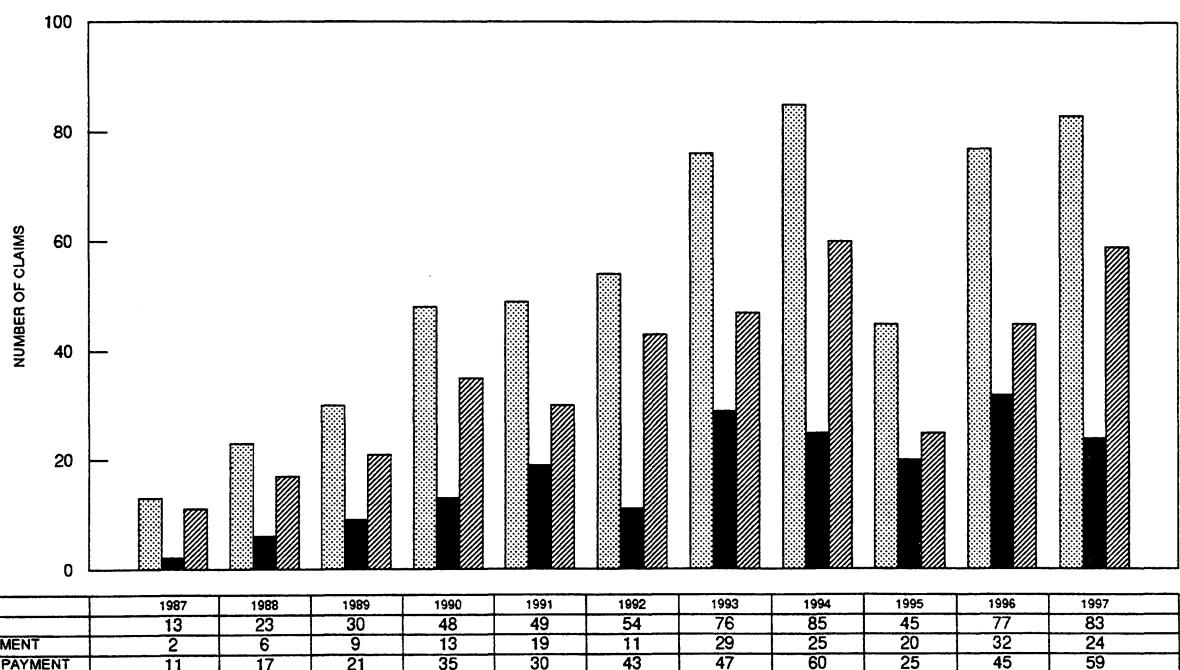


BI/PD - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

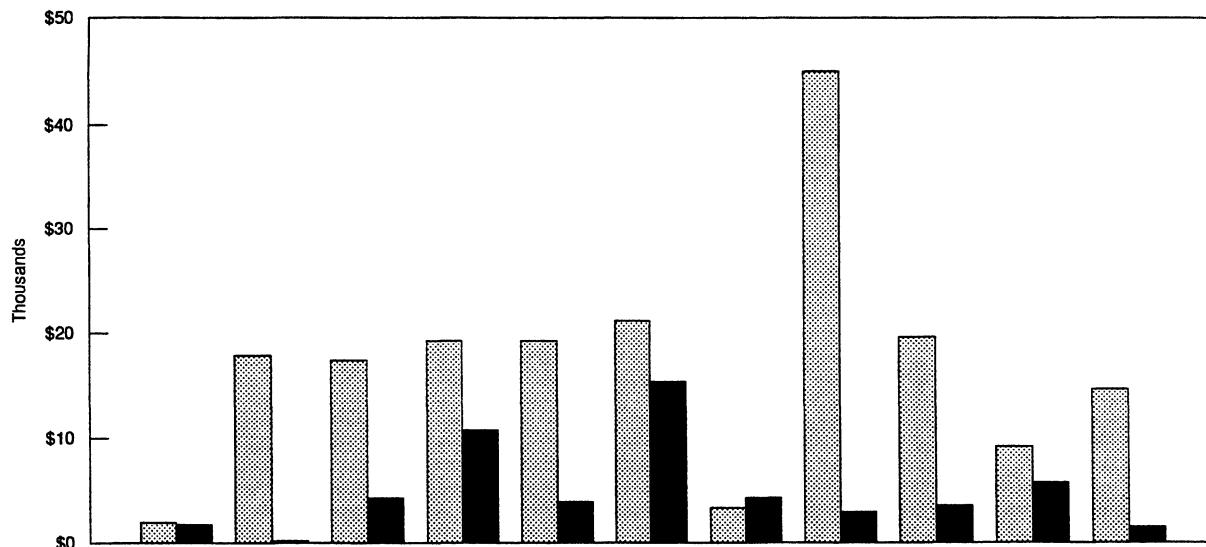


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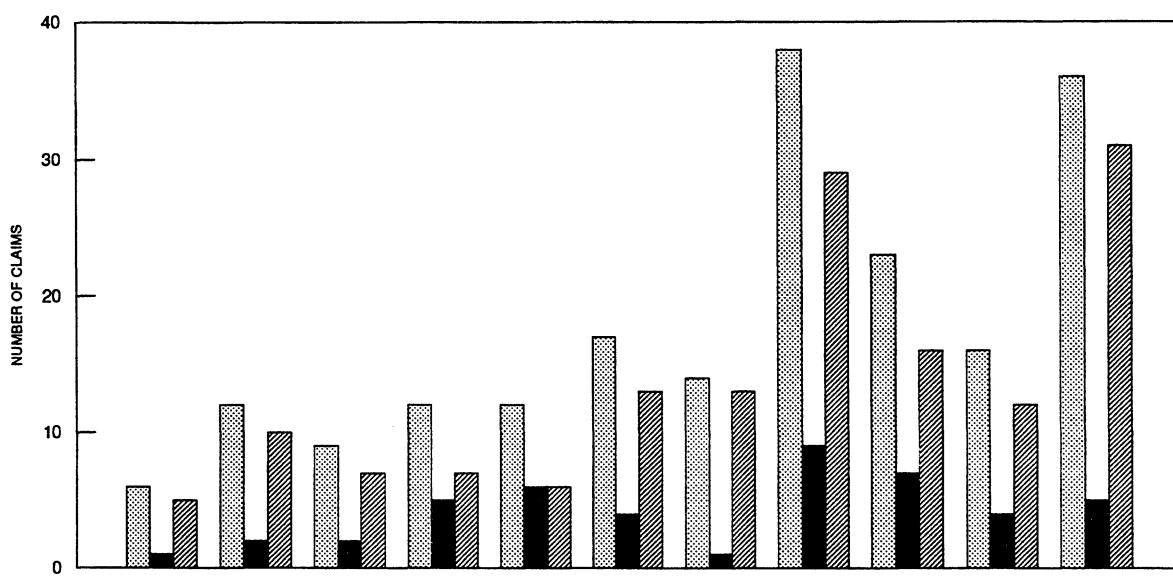


COLLECTION & BANKRUPTCY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

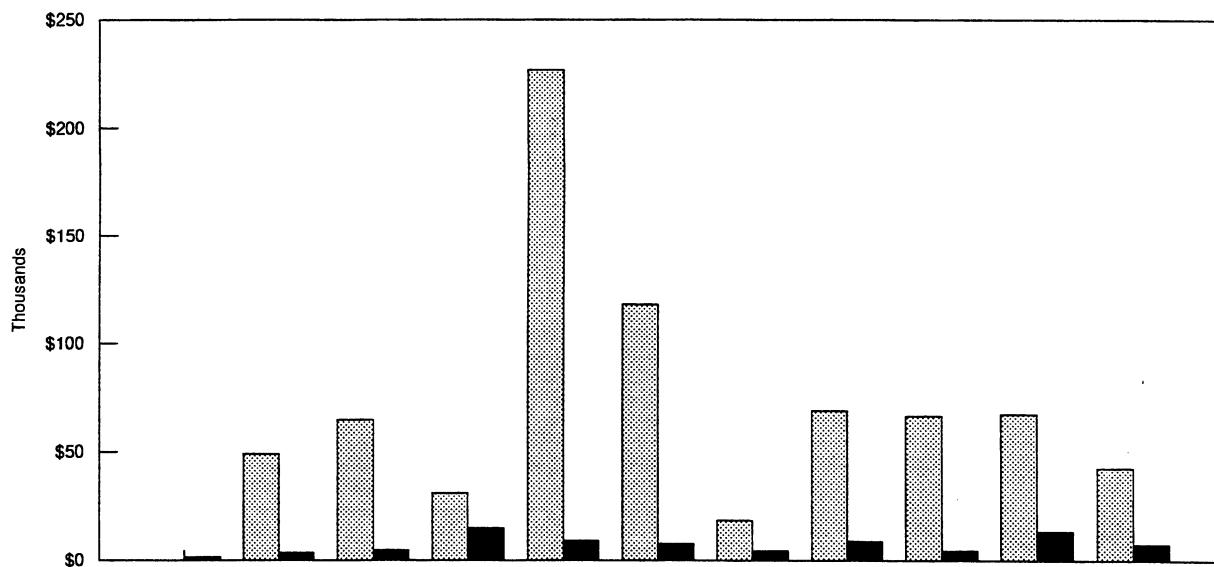


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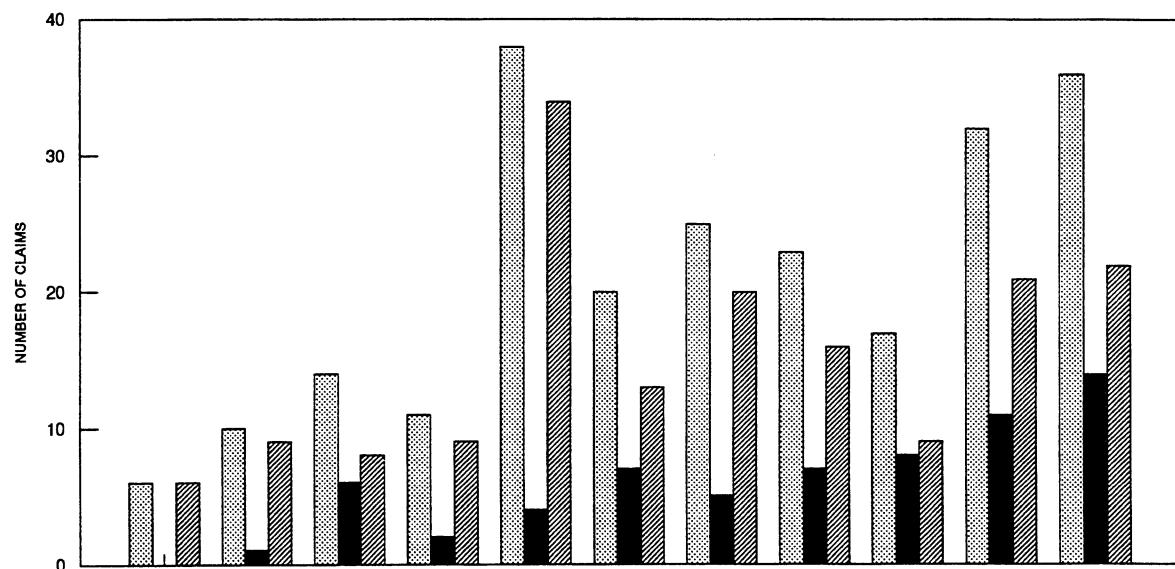


ESTATE, TRUST & PROBATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

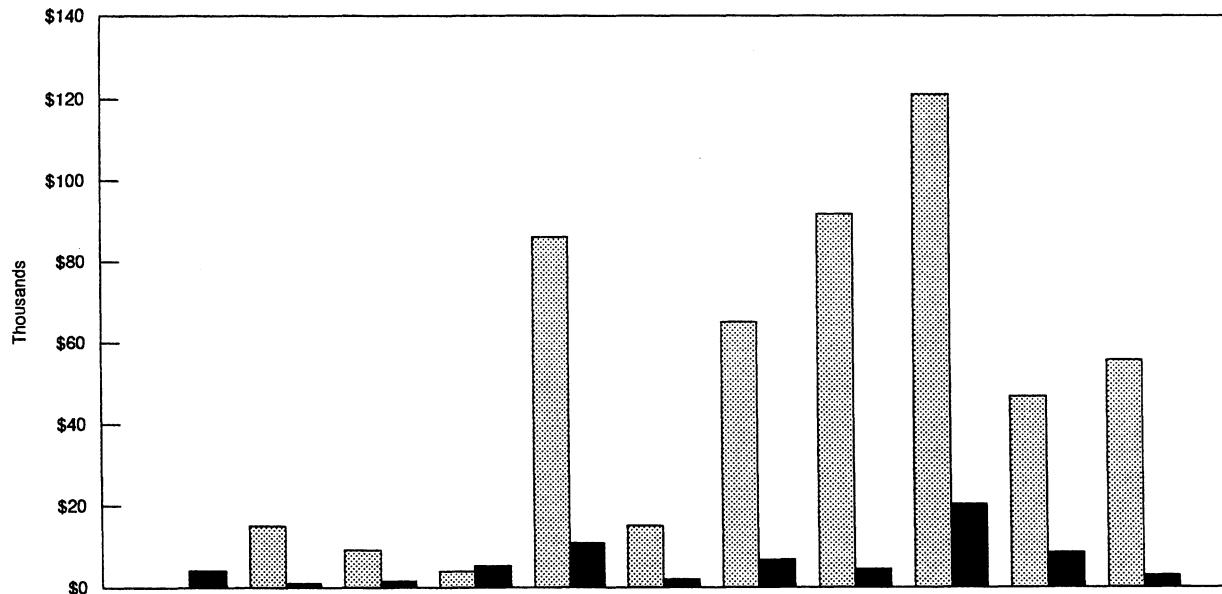


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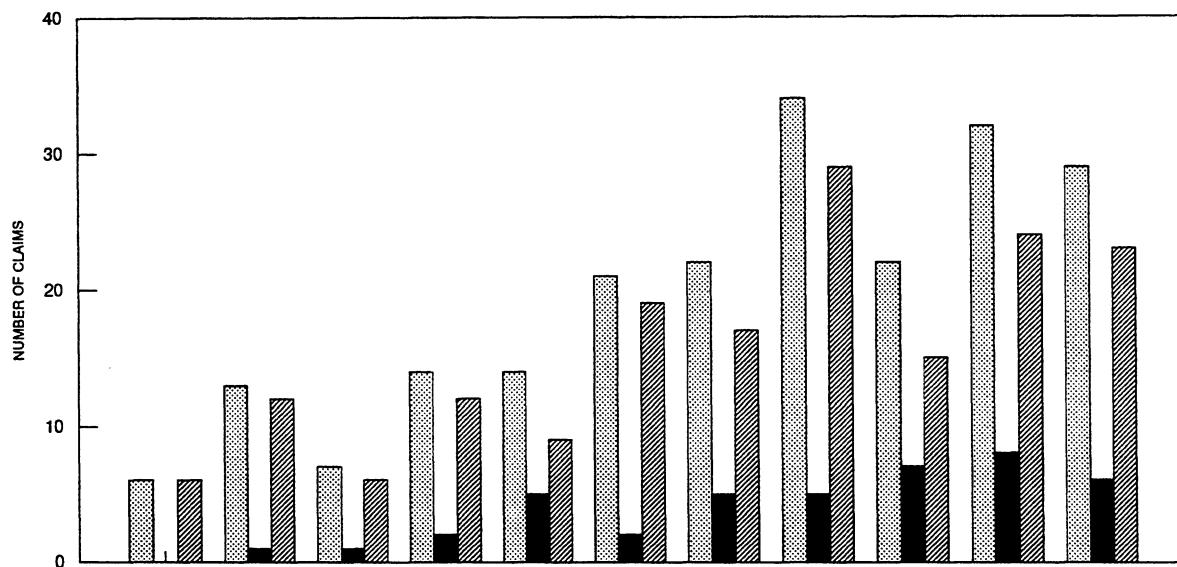


FAMILY LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

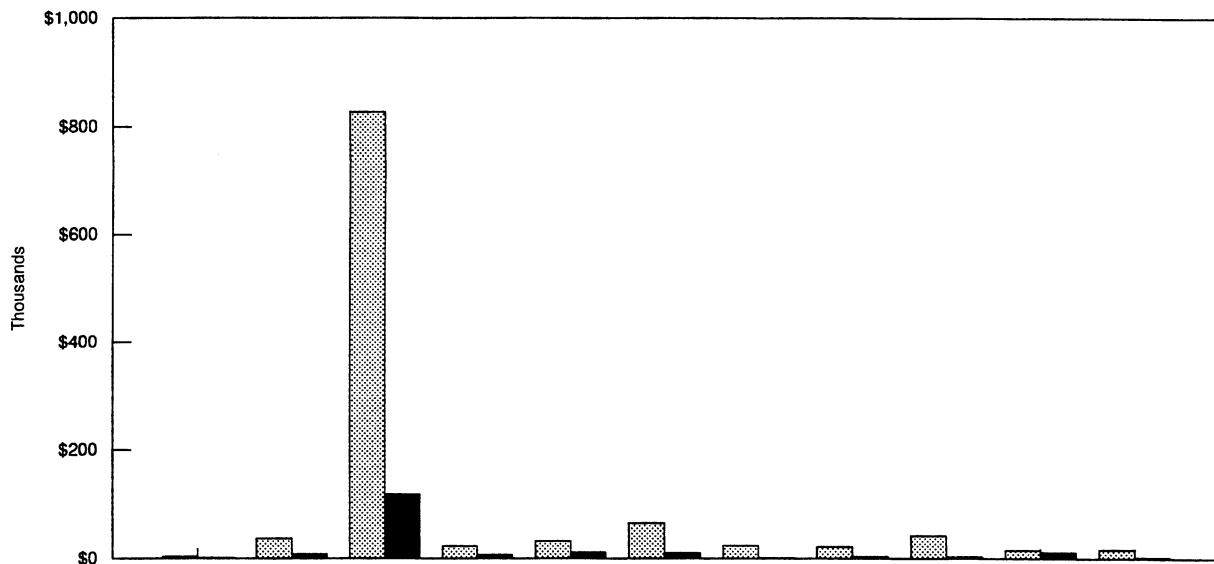


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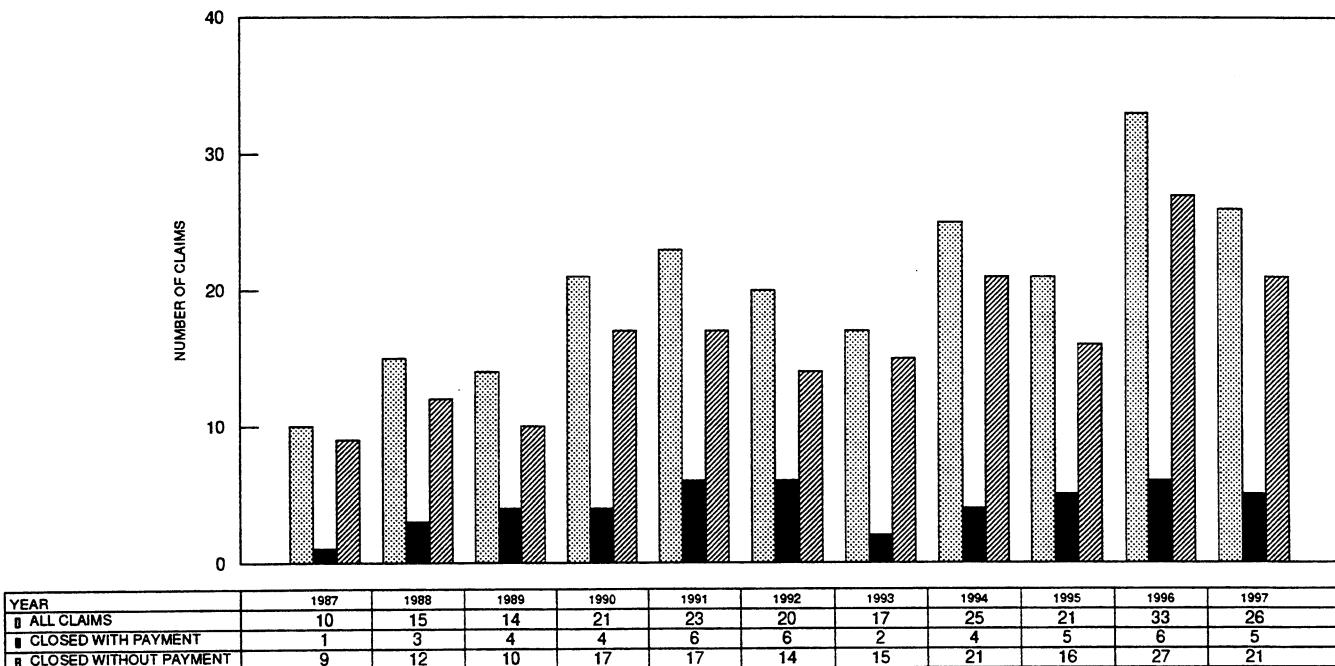


REAL ESTATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

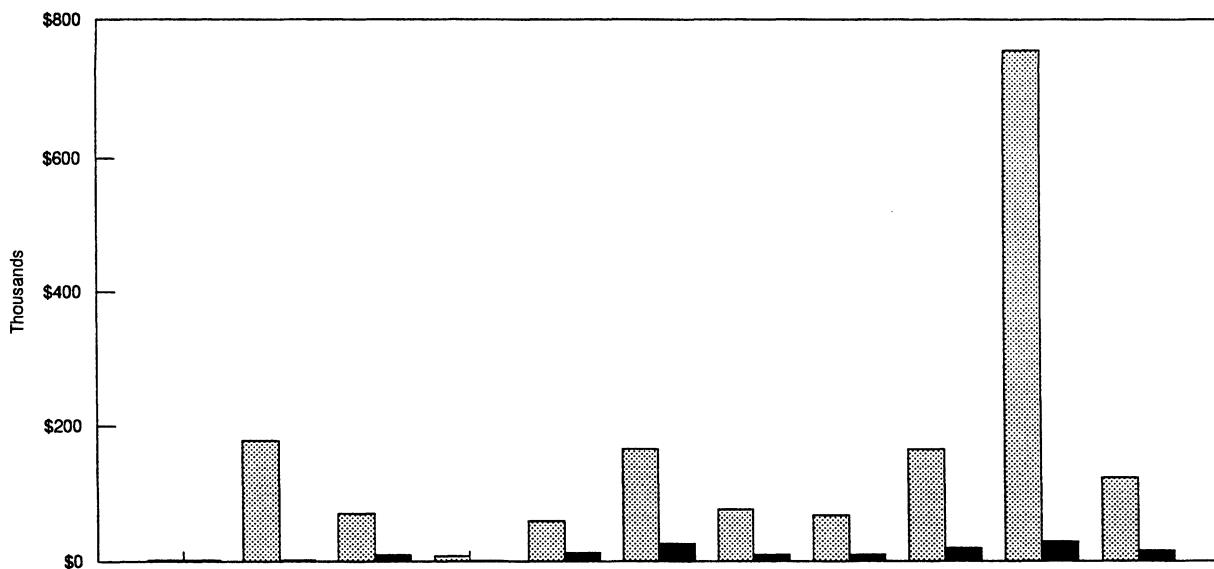


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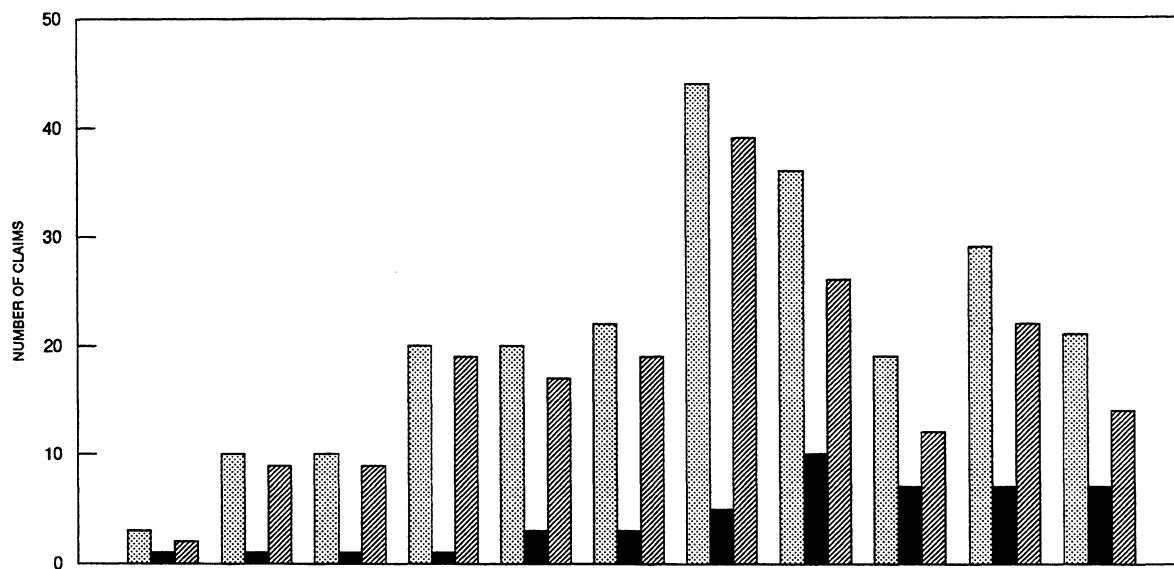


BUSINESS TRANSACTION/COMMERCIAL LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

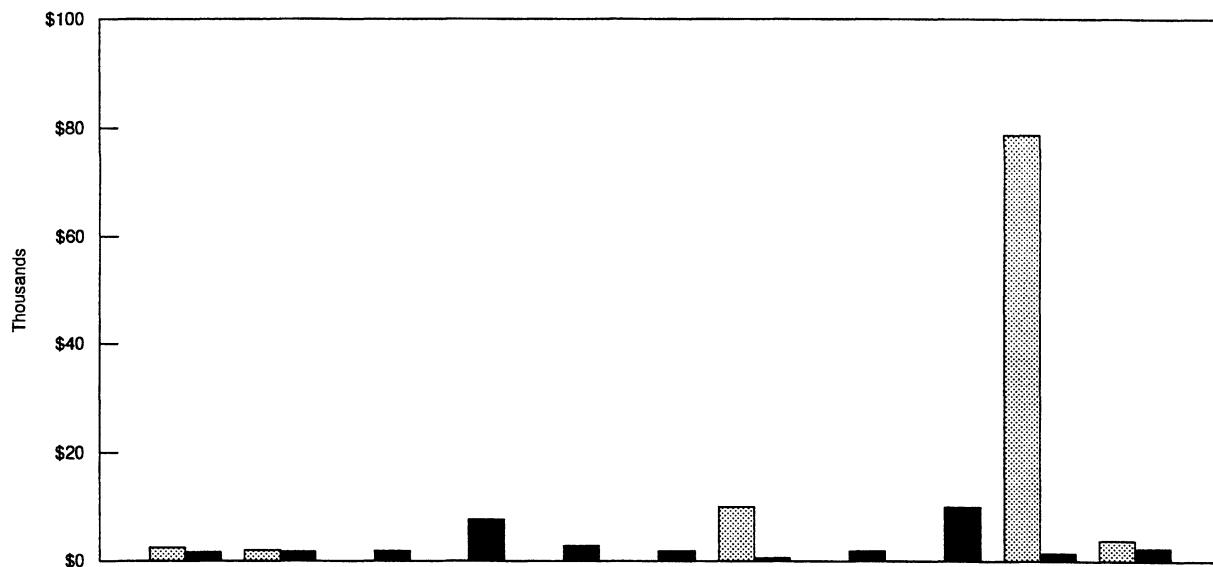


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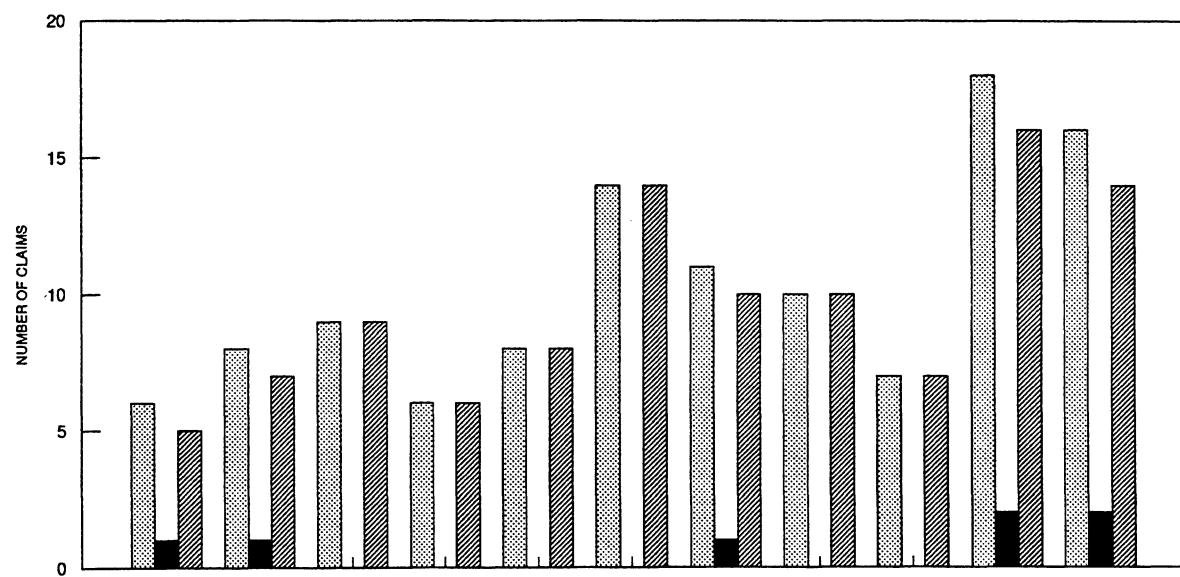


CRIMINAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

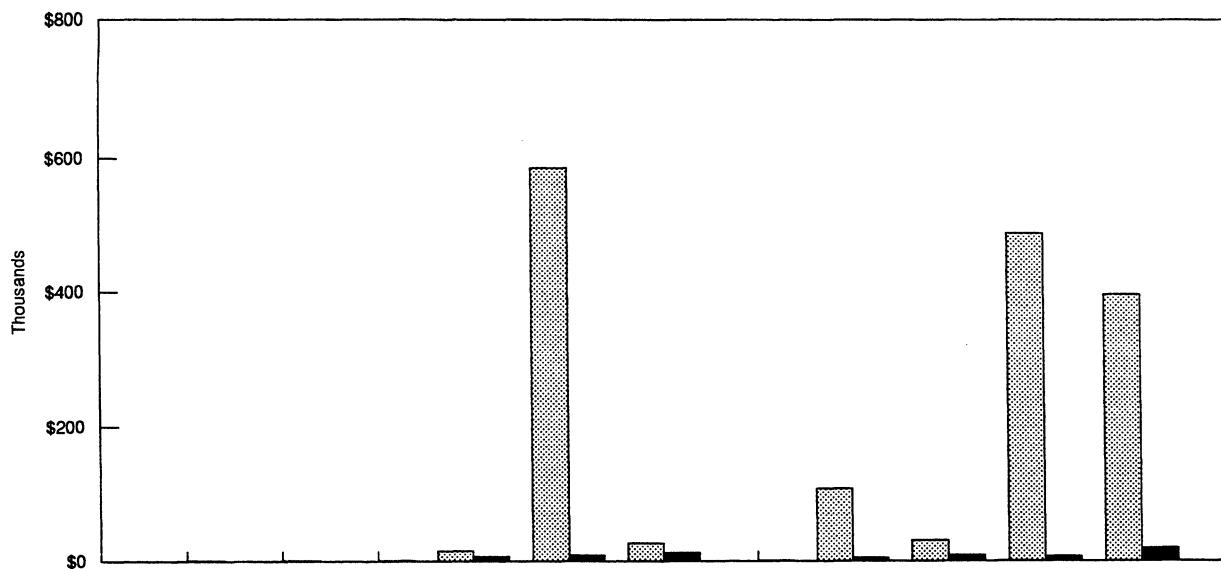


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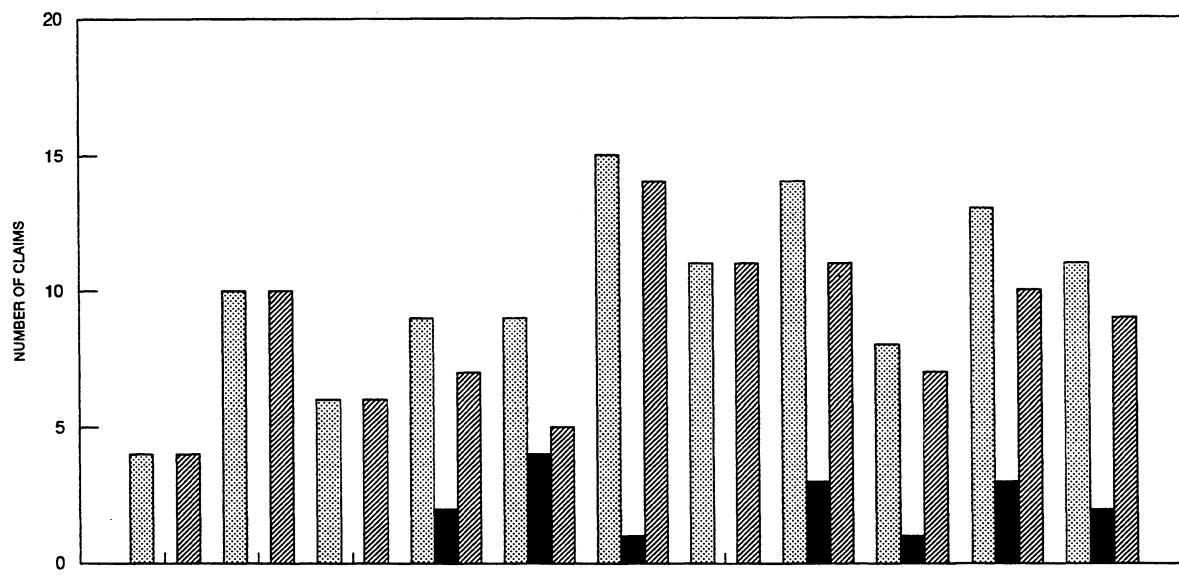


BI/PD - DEFENDANT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

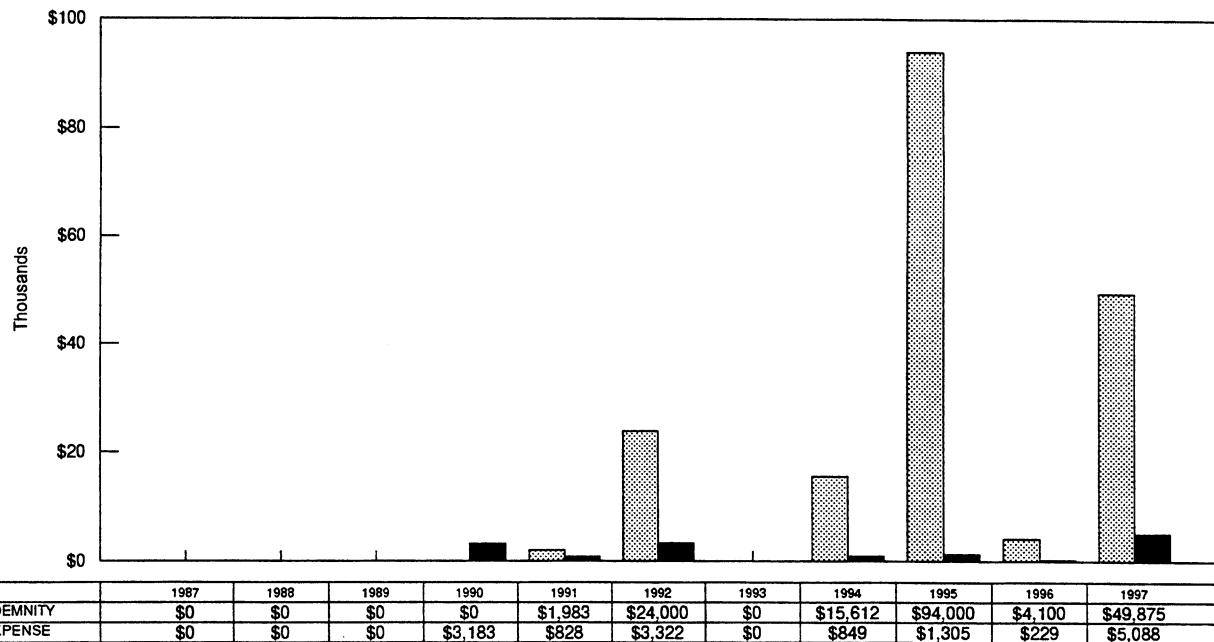


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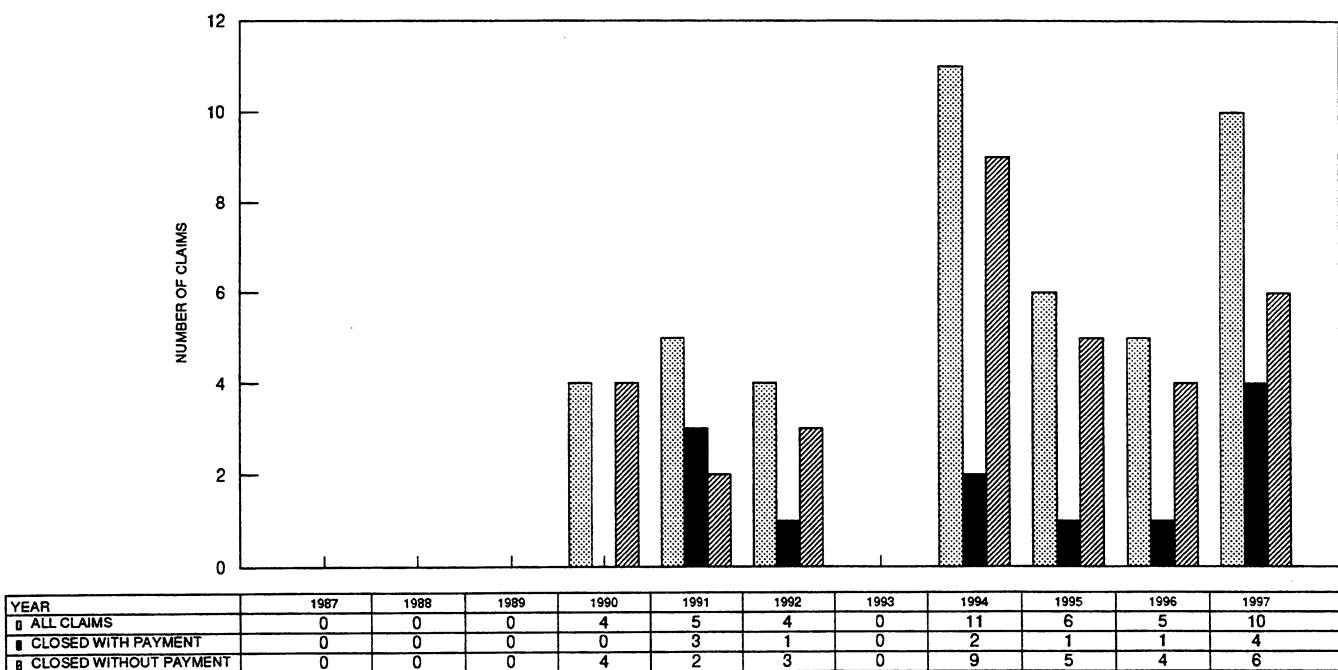


WORKERS COMPENSATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

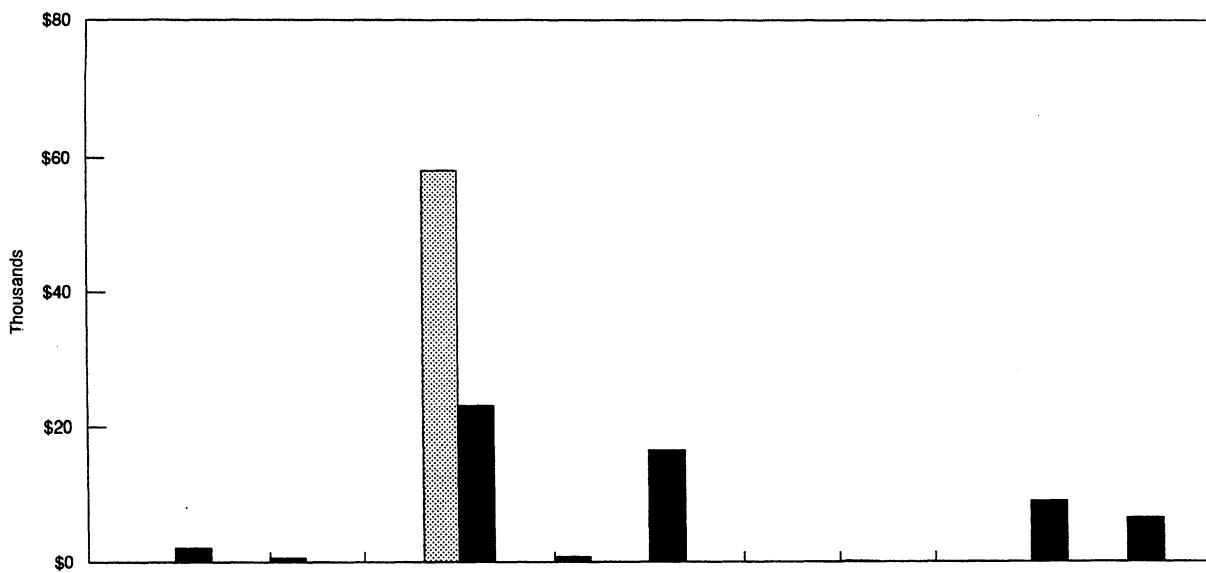


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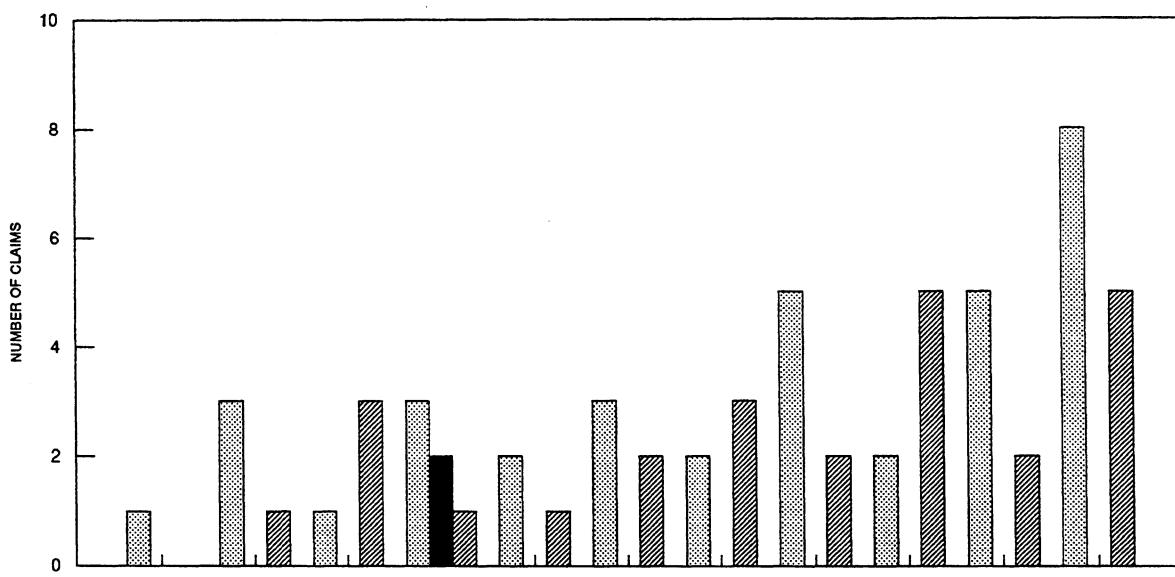


CIVIL RIGHTS & COMMISSION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
MAJOR ACTIVITY**

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	588	165	31.85%	\$61,656	\$10,173,289	17.65%	\$5,123
PREPARATION, TRANSMITTAL OR FILING	274	71	13.71%	\$70,505	\$5,005,865	8.68%	\$16,179
SETTLEMENT AND NEGOTIATION	273	54	10.42%	\$131,985	\$7,127,164	12.37%	\$8,063
PRE-TRIAL, PRE-HEARING	272	64	12.36%	\$127,315	\$8,148,182	14.14%	\$4,939
CONSULTATION OR ADVICE	211	45	8.69%	\$219,801	\$9,891,048	17.16%	\$18,020
TRIAL OR HEARING	131	17	3.28%	\$50,324	\$855,500	1.48%	\$3,976
OTHER	105	17	3.28%	\$290,257	\$4,934,375	8.56%	\$22,907
EXPARTE PROCEEDINGS	78	21	4.05%	\$63,578	\$1,335,133	2.32%	\$7,405
OTHER WRITTEN OPINION	60	13	2.51%	\$148,518	\$1,930,738	3.35%	\$13,912
INVESTIGATION, OTHER THAN LITIGATION	50	16	3.09%	\$239,981	\$3,839,697	6.66%	\$23,983
APPEAL ACTIVITIES	48	8	1.54%	\$47,306	\$378,445	0.66%	\$10,983
POST TRIAL OR HEARING	44	6	1.16%	\$11,350	\$68,100	0.12%	\$1,782
REFERRAL TO ANOTHER PROFESSIONAL	37	7	1.35%	\$485,782	\$3,400,477	5.90%	\$24,465
TITLE OPINION	33	5	0.97%	\$21,900	\$109,500	0.19%	\$6,524
TAX REPORTING OR PAYMENT	21	8	1.54%	\$48,409	\$387,270	0.67%	\$6,340
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

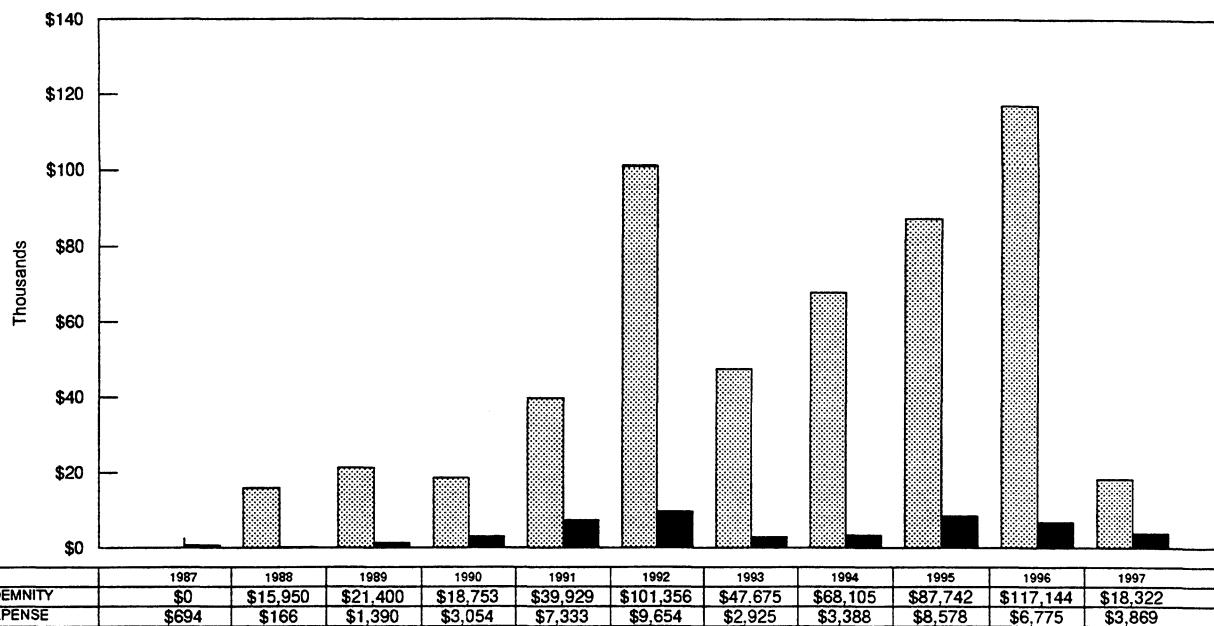
**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	76	15	21.13%	\$18,322	\$274,829	6.85%	\$3,869
PREPARATION, TRANSMITTAL OR FILING	51	16	22.54%	\$70,377	\$1,126,027	28.07%	\$3,015
SETTLEMENT AND NEGOTIATION	36	9	12.68%	\$45,406	\$408,658	10.19%	\$6,472
PRE-TRIAL, PRE-HEARING	33	12	16.90%	\$43,680	\$524,162	13.06%	\$1,459
TRIAL OR HEARING	26	1	1.41%	\$13,500	\$13,500	0.34%	\$1,348
APPEAL ACTIVITIES	14	3	4.23%	\$70,000	\$210,000	5.23%	\$5,280
CONSULTATION OR ADVICE	14	5	7.04%	\$63,300	\$316,500	7.89%	\$9,600
OTHER	13	3	4.23%	\$274,777	\$824,330	20.55%	\$18,213
EXPARTE PROCEEDINGS	11	4	5.63%	\$35,875	\$143,500	3.58%	\$15,687
POST TRIAL OR HEARING	9	1	1.41%	\$11,600	\$11,600	0.29%	\$803
INVESTIGATION, OTHER THAN LITIGATION	4	1	1.41%	\$1,500	\$1,500	0.04%	\$1,073
OTHER WRITTEN OPINION	4	0	0.00%	\$0	\$0	0.00%	\$17,979
REFERRAL TO ANOTHER PROFESSIONAL	4	0	0.00%	\$0	\$0	0.00%	\$4,894
TAX REPORTING OR PAYMENT	1	1	1.41%	\$157,500	\$157,500	3.93%	\$23,763
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

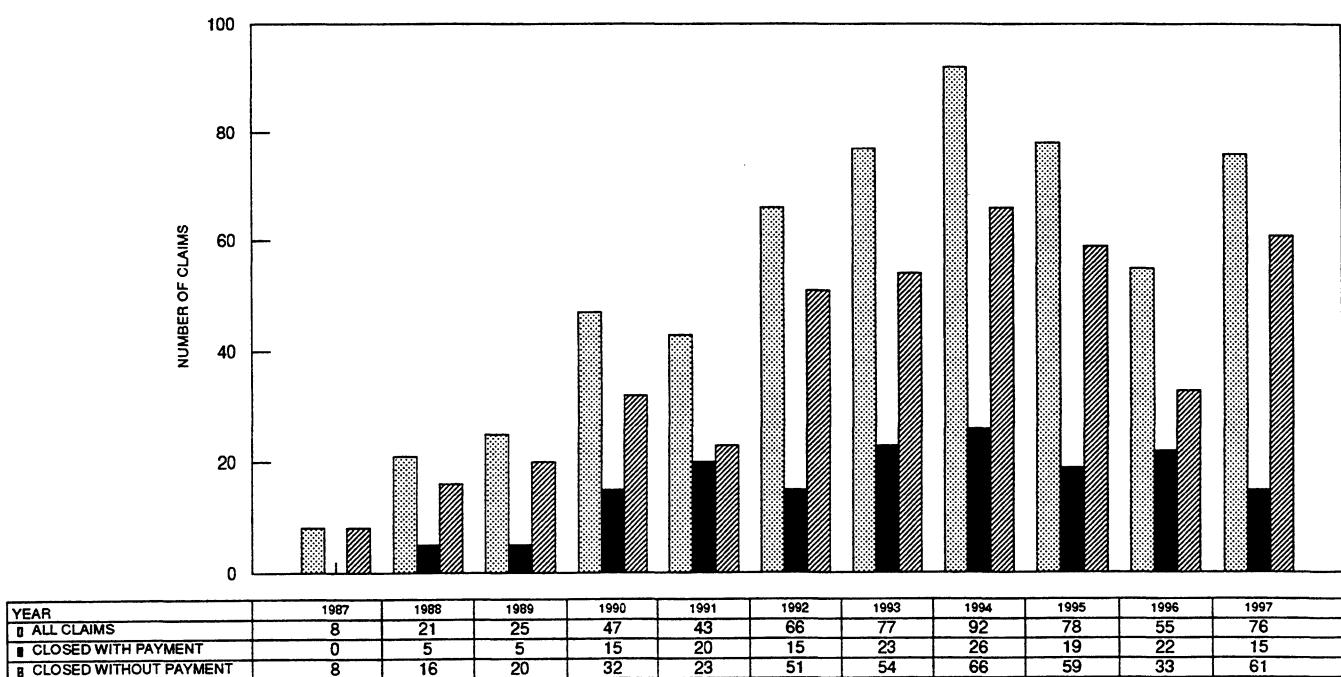
**TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 1997**

COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

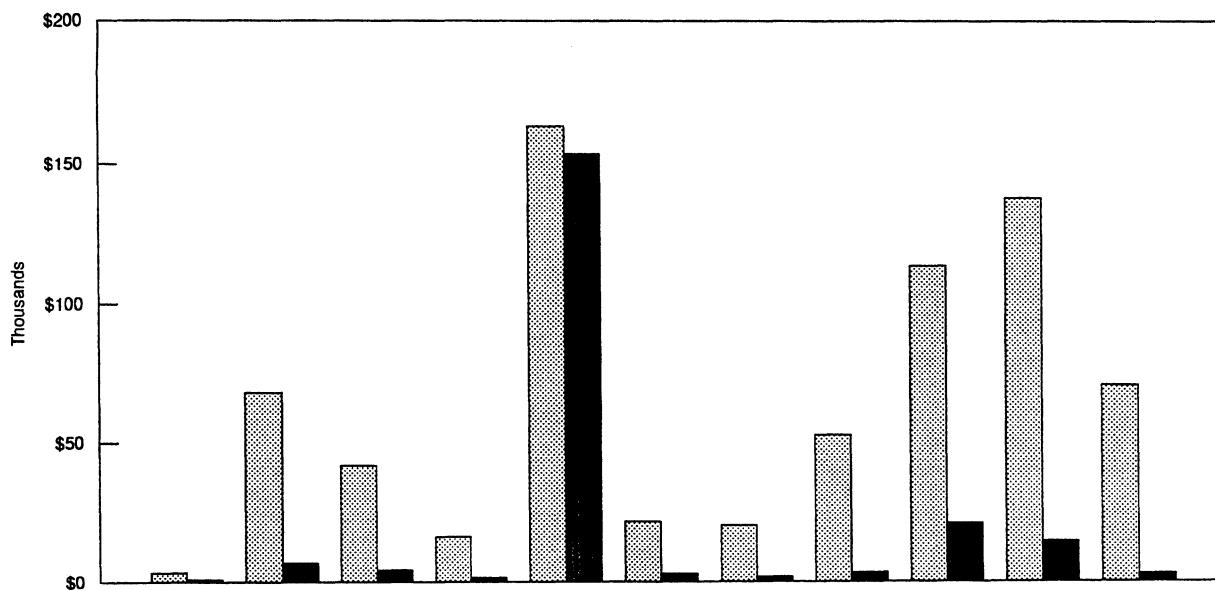


CLAIM COUNT

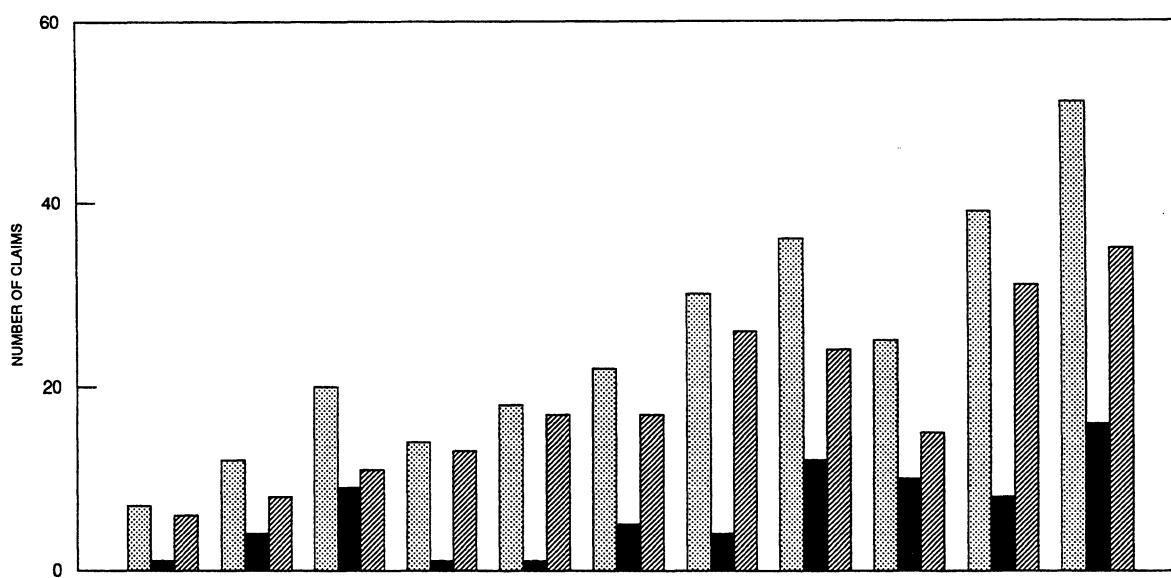


PREPARATION, TRANSMITTAL OR FILING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

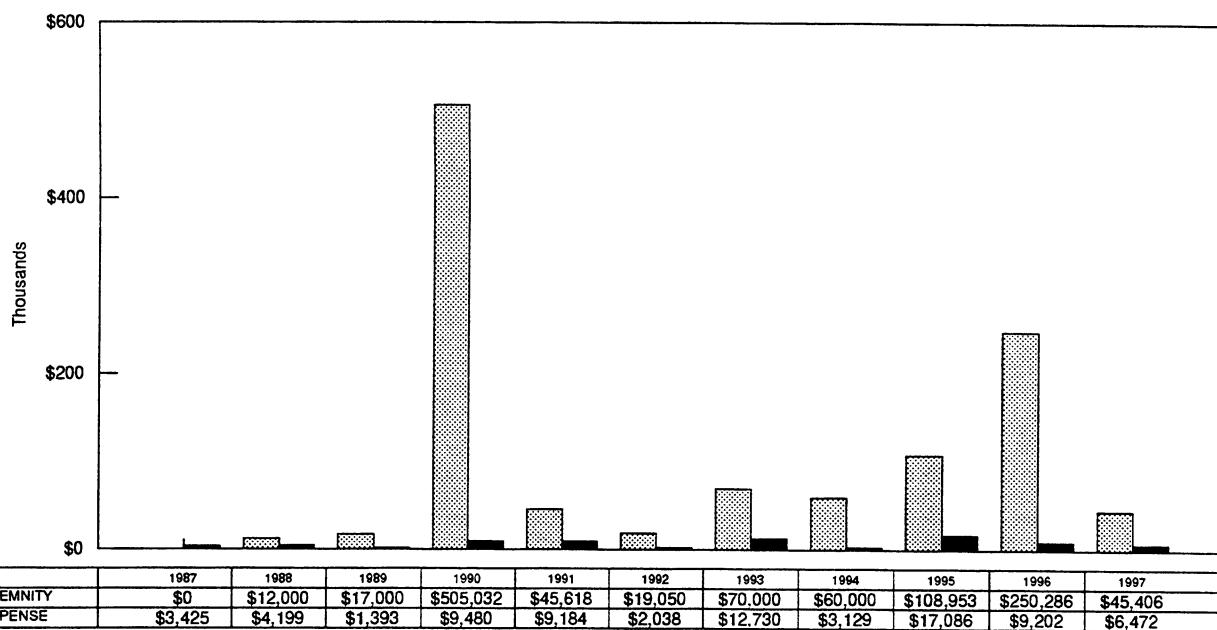


CLAIM COUNT

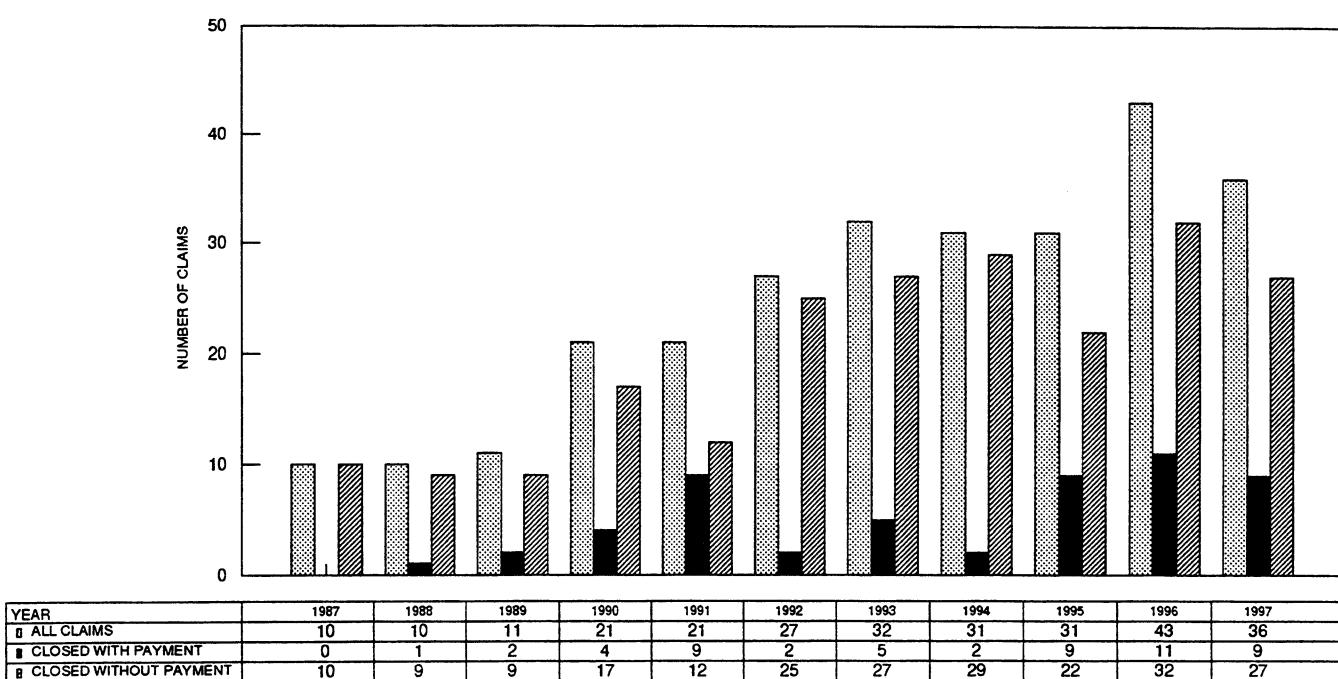


SETTLEMENT AND NEGOTIATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

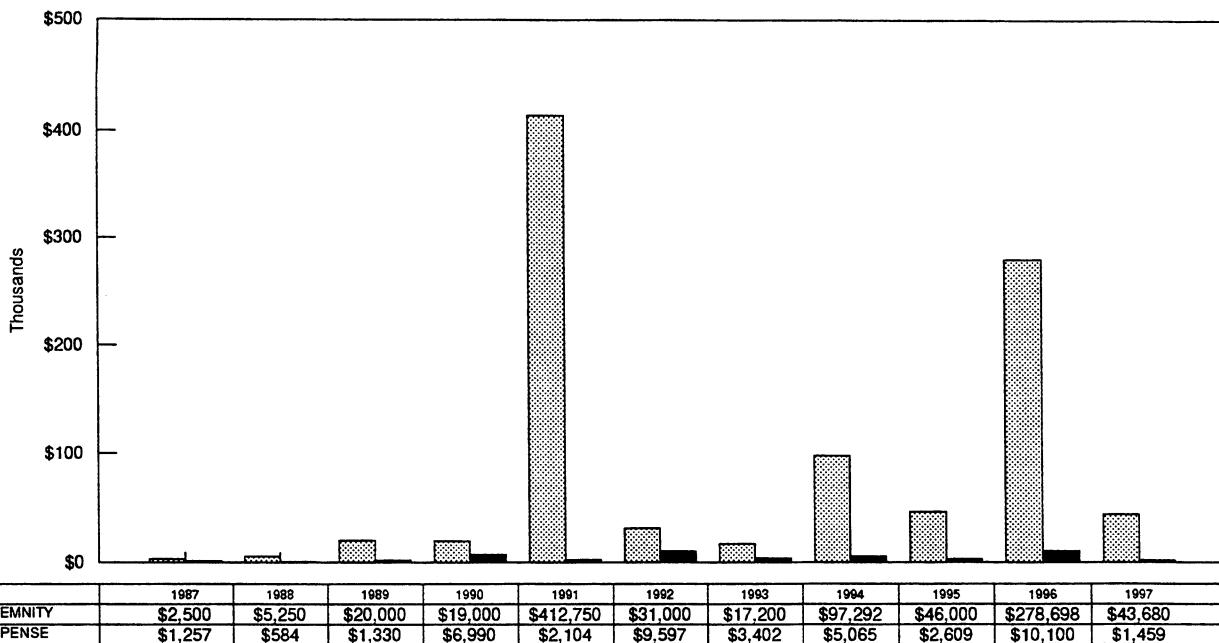


CLAIM COUNT

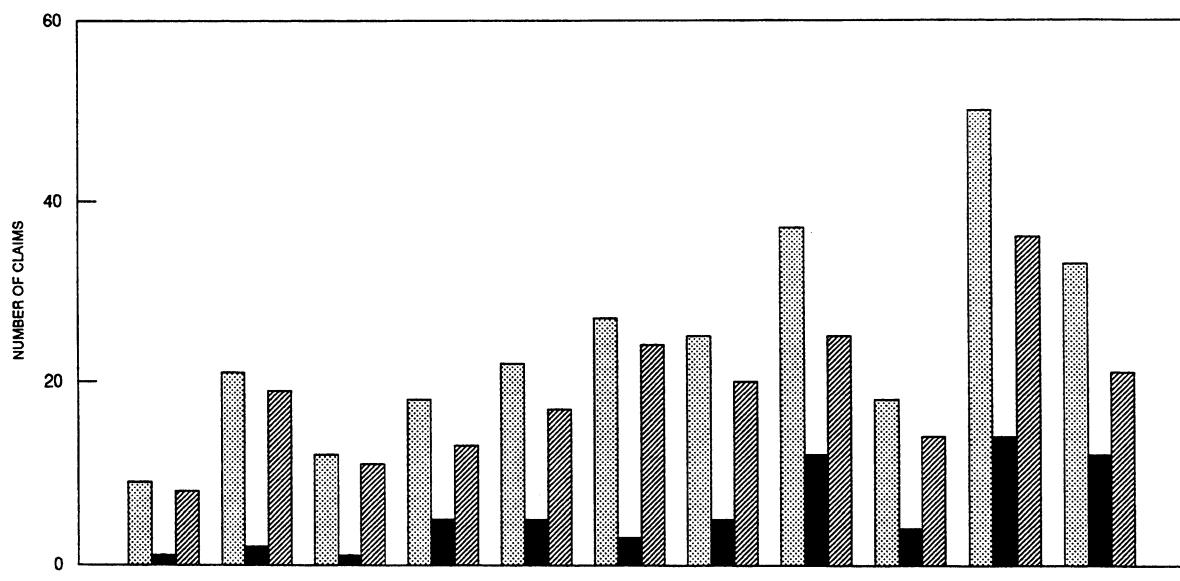


PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

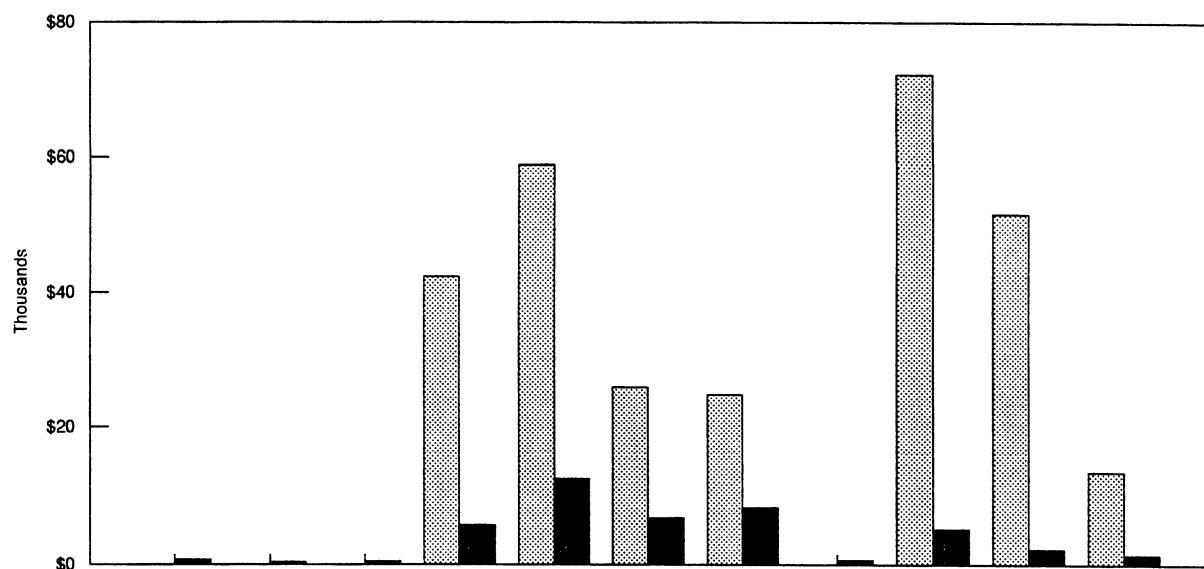


CLAIM COUNT

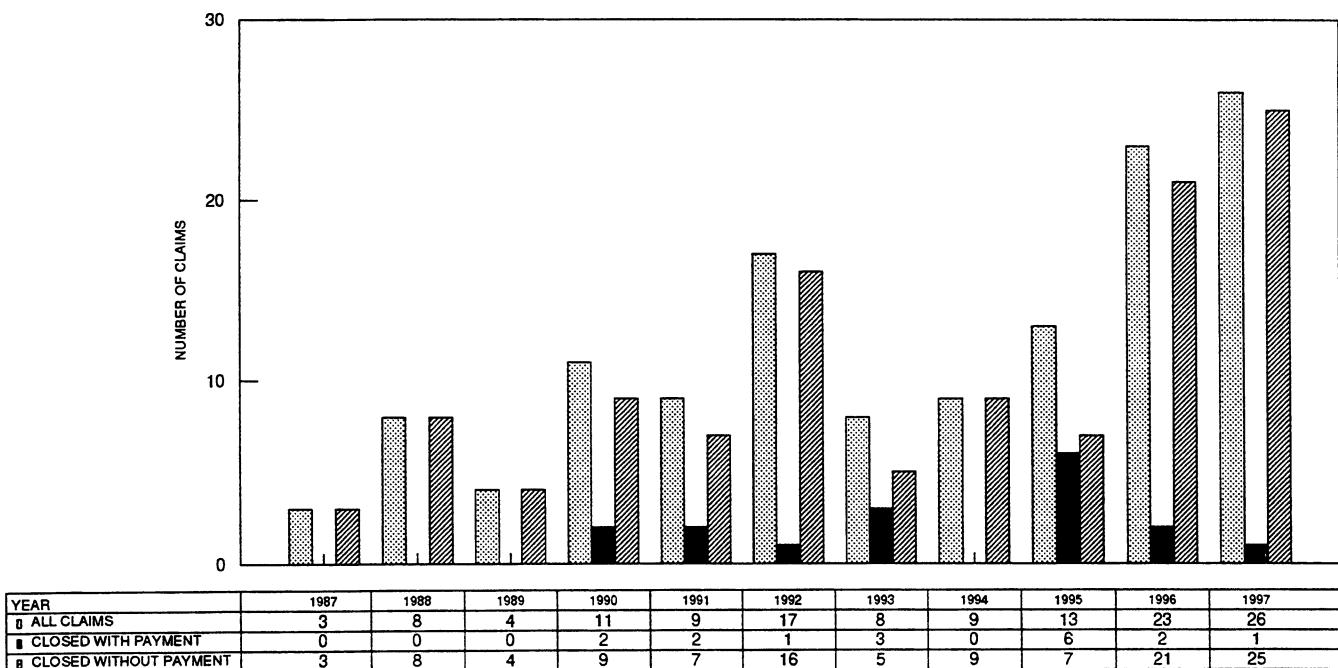


TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

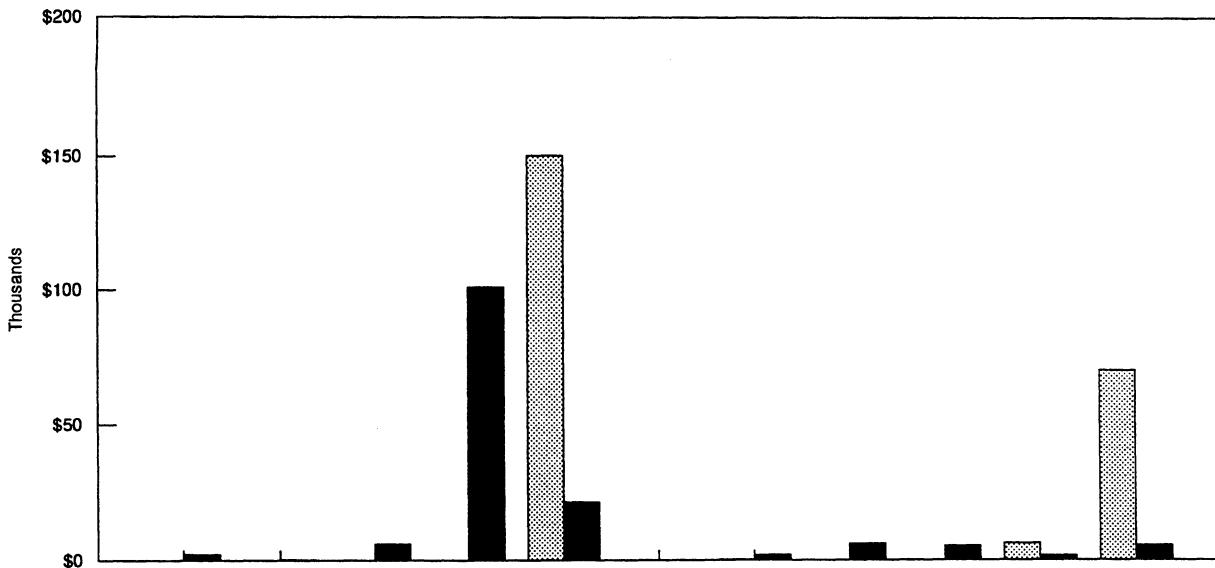


CLAIM COUNT

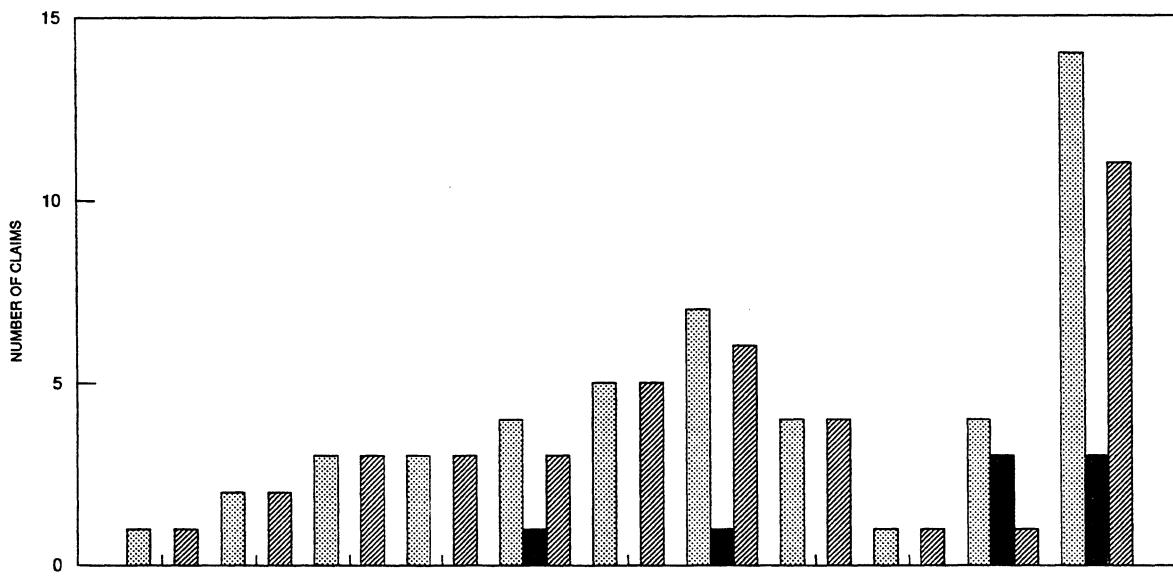


APPEAL ACTIVITIES

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

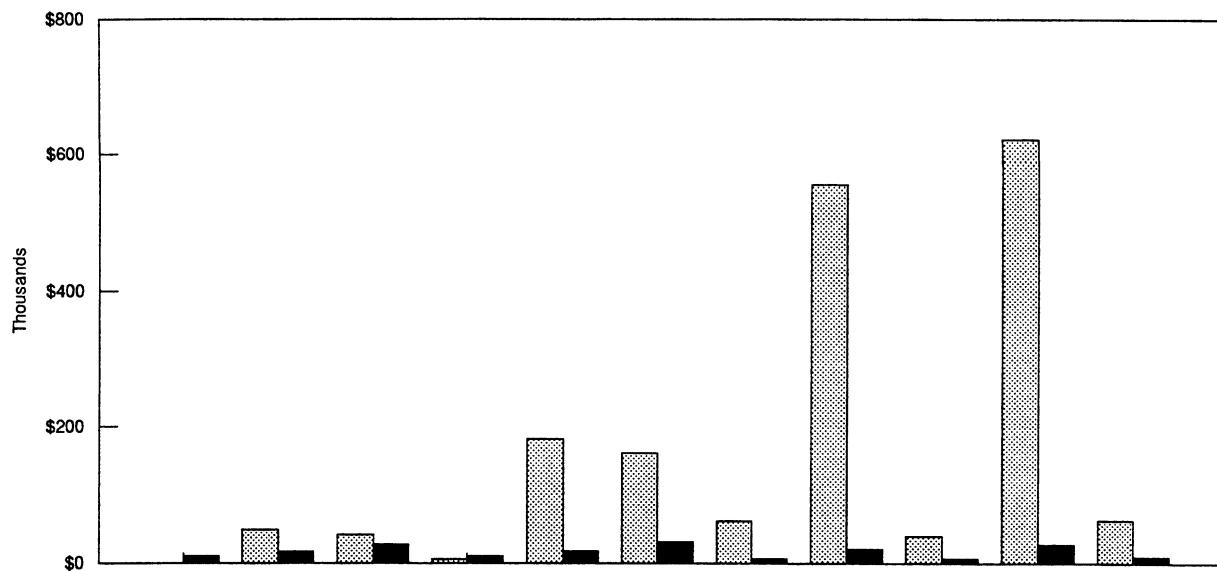


CLAIM COUNT

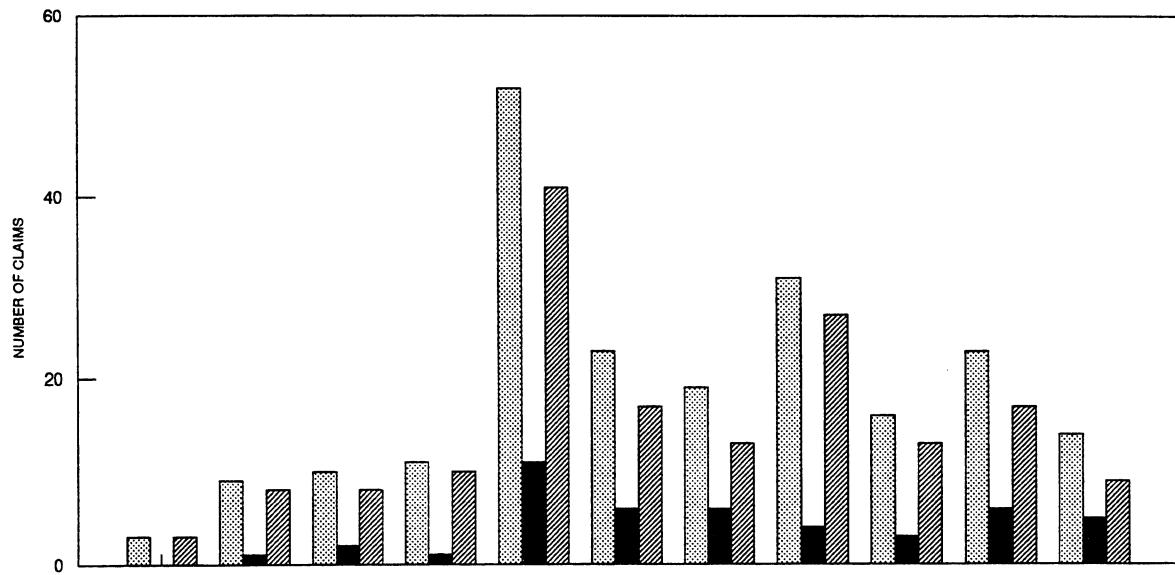


CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

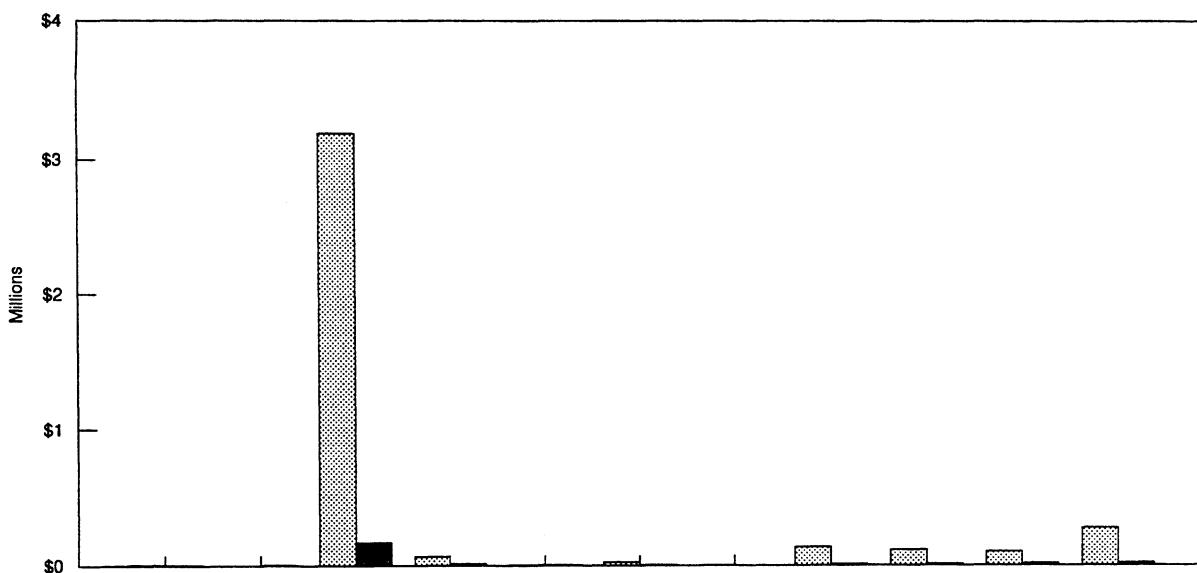


CLAIM COUNT

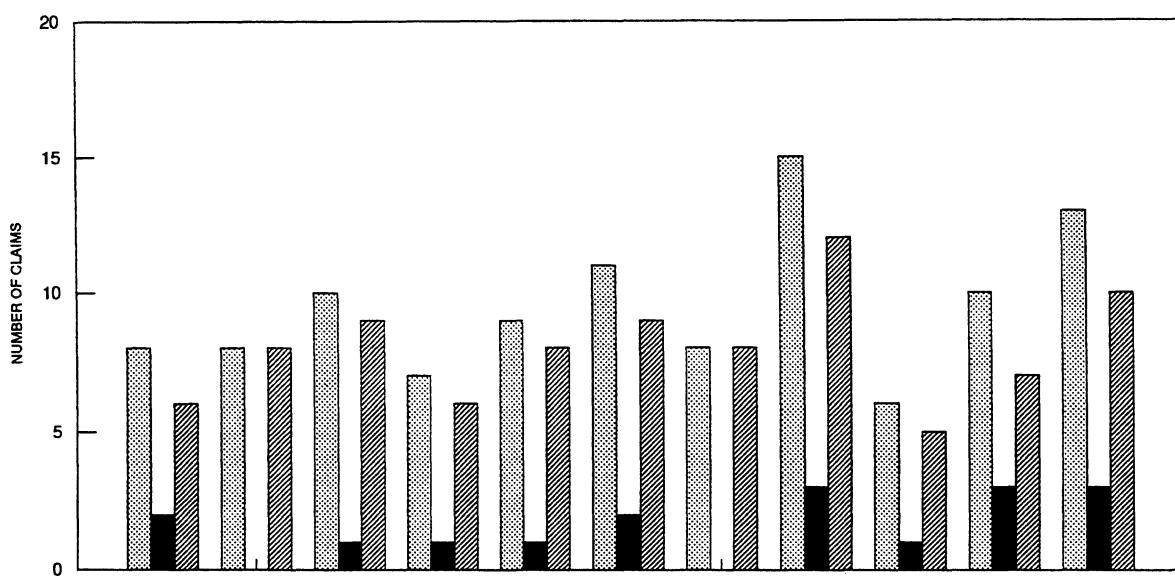


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

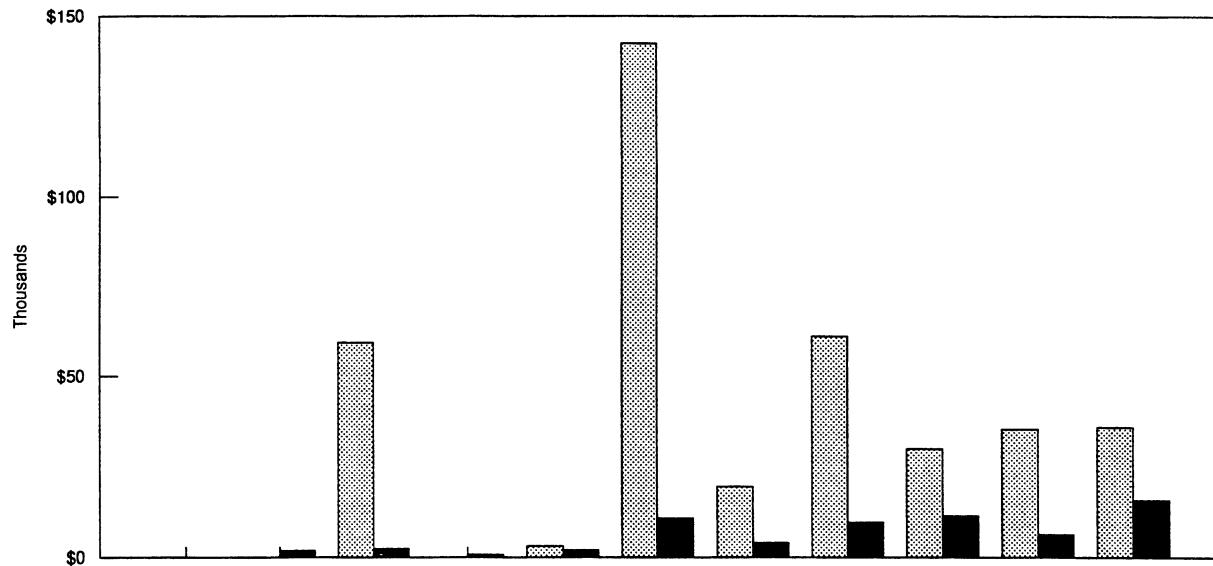


CLAIM COUNT

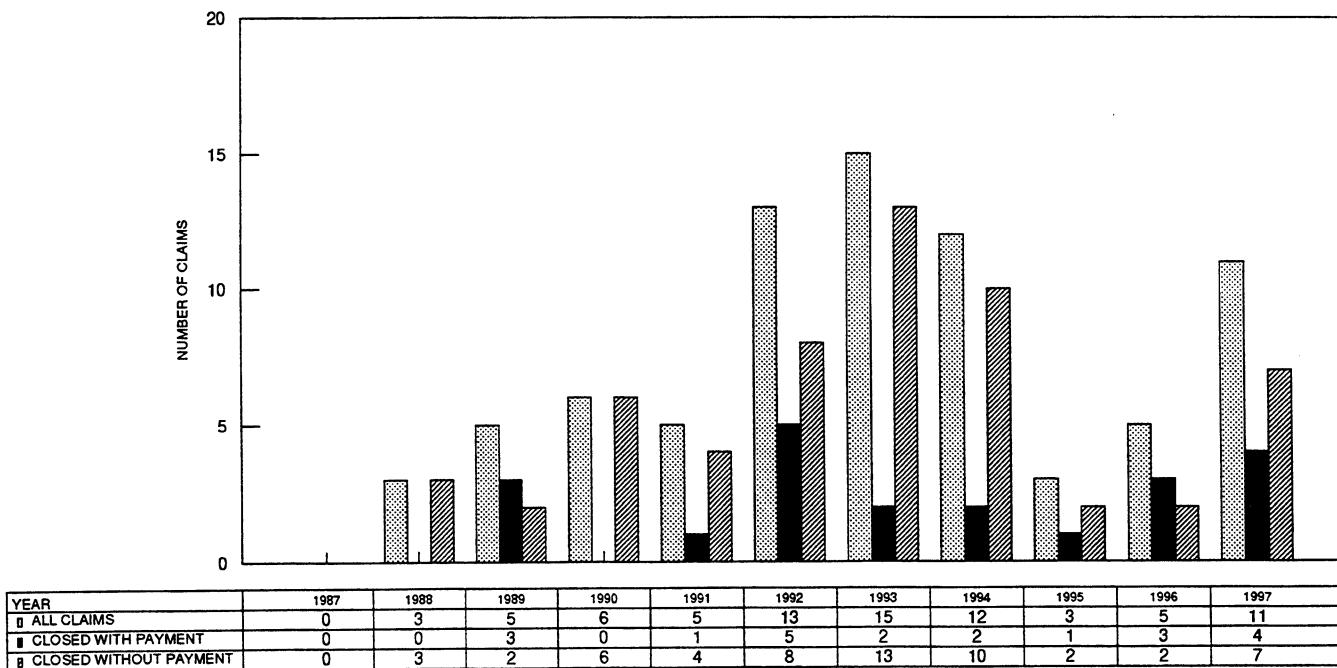


EX PARTE PROCEEDINGS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

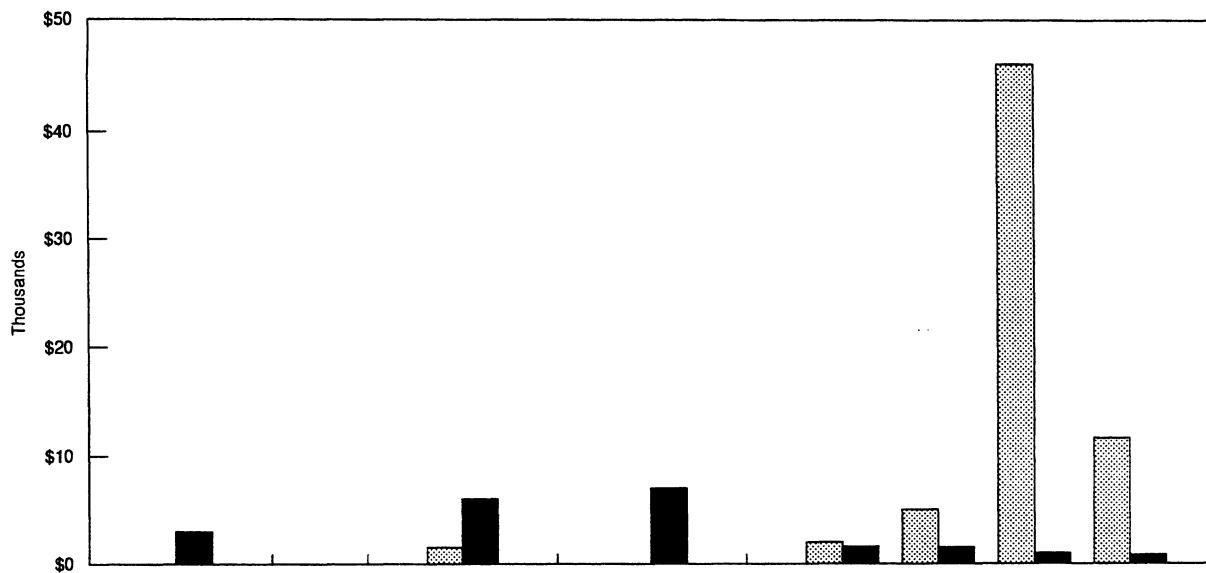


CLAIM COUNT

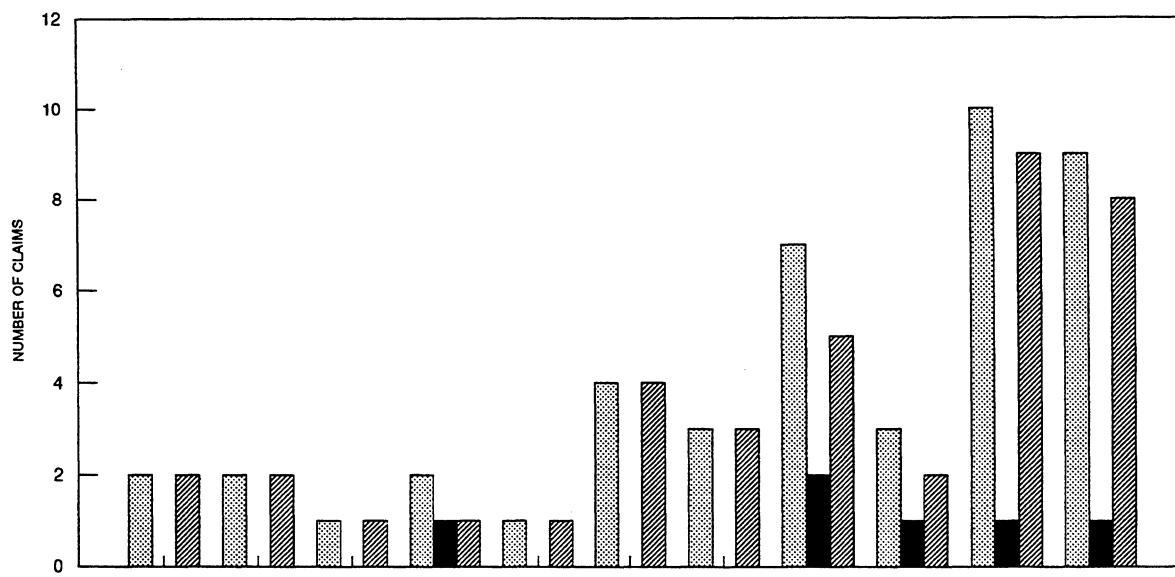


POST TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
ALLEGED ERRORS OR OMISSIONS**



**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PLANNING OR STRATEGY ERROR	286	52	10.04%	\$127,818	\$6,646,523	11.53%	\$7,141
FAIL TO ASCERTAIN DEADLINE CORRECTLY	244	103	19.88%	\$54,400	\$5,603,186	9.72%	\$3,323
FAIL TO KNOW OR PROPERLY APPLY THE LAW	214	58	11.20%	\$137,863	\$7,996,049	13.87%	\$8,812
INADEQUATE INVESTIGATION	149	36	6.95%	\$157,012	\$5,652,438	9.81%	\$14,869
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	148	18	3.47%	\$35,143	\$632,578	1.10%	\$6,048
PROCRASITATION OR LACK OF FOLLOW-UP	141	32	6.18%	\$92,715	\$2,966,880	5.15%	\$3,299
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	127	17	3.28%	\$56,655	\$963,143	1.67%	\$3,969
FRAUD	124	15	2.90%	\$278,985	\$4,184,778	7.26%	\$42,672
CONFLICT OF INTEREST	123	29	5.60%	\$329,855	\$9,565,796	16.60%	\$12,295
FAIL TO OBTAIN CLIENTS CONSENT	114	23	4.44%	\$113,084	\$2,600,928	4.51%	\$13,361
FAILURE TO CALENDAR PROPERLY	114	41	7.92%	\$29,479	\$1,208,645	2.10%	\$2,856
OTHER	98	22	4.25%	\$204,735	\$4,504,164	7.81%	\$27,435
VIOLATION OF CIVIL RIGHTS	83	2	0.39%	\$287,624	\$575,248	1.00%	\$4,161
FAIL TO ANTICIPATE TAX CONSEQUENCES	52	16	3.09%	\$45,382	\$726,114	1.26%	\$9,829
FAILURE TO REACT TO CALENDAR	43	15	2.90%	\$40,461	\$606,910	1.05%	\$5,408
IMPROPER WITHDRAWAL FROM REPRESENTATION	38	8	1.54%	\$30,813	\$246,500	0.43%	\$8,509
ERROR IN PUBLIC RECORD SEARCH	36	5	0.97%	\$35,700	\$178,500	0.31%	\$4,532
CLERICAL ERROR	31	7	1.35%	\$39,600	\$277,202	0.48%	\$2,281
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	25	10	1.93%	\$42,000	\$420,000	0.73%	\$7,005
LIBEL OR SLANDER	23	2	0.39%	\$6,500	\$13,000	0.02%	\$3,199
LOST FILE, DOCUMENT OR EVIDENCE	7	3	0.58%	\$664,257	\$1,992,770	3.46%	\$5,488
ERROR IN MATHEMATICAL CALCULATION	5	3	0.58%	\$7,811	\$23,433	0.04%	\$19,184
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

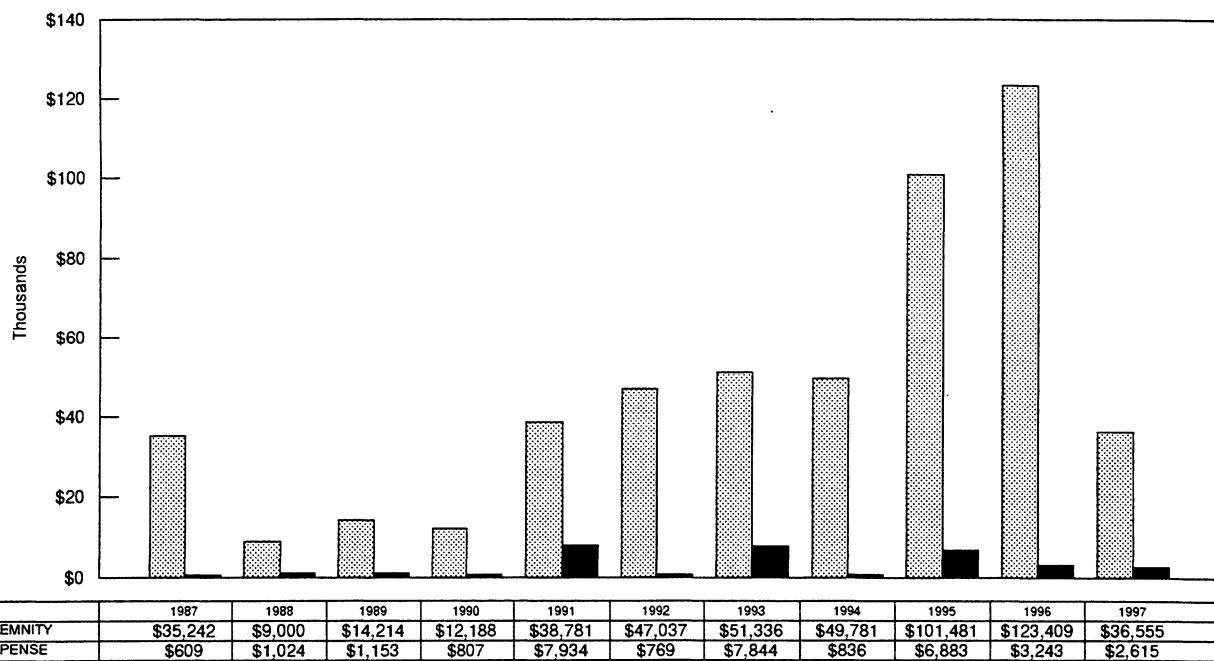
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	58	23	32.39%	\$36,555	\$840,768	20.96%	\$2,615
PLANNING OR STRATEGY ERROR	51	12	16.90%	\$46,120	\$553,437	13.79%	\$9,190
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	31	4	5.63%	\$117,973	\$471,893	11.76%	\$238
FAIL TO KNOW OR PROPERLY APPLY THE LAW	24	6	8.45%	\$168,401	\$1,010,408	25.18%	\$12,062
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	23	1	1.41%	\$15,000	\$15,000	0.37%	\$2,062
PROCRASTINATION OR LACK OF FOLLOW-UP	20	3	4.23%	\$23,333	\$70,000	1.74%	\$343
FRAUD	18	4	5.63%	\$23,875	\$95,500	2.38%	\$9,407
FAIL TO OBTAIN CLIENTS CONSENT	14	2	2.82%	\$93,300	\$186,600	4.65%	\$5,622
VIOLATION OF CIVIL RIGHTS	9	0	0.00%	\$0	\$0	0.00%	\$222
FAILURE TO CALENDAR PROPERLY	8	2	2.82%	\$6,250	\$12,500	0.31%	\$1,887
FAIL TO ANTICIPATE TAX CONSEQUENCES	7	3	4.23%	\$112,500	\$337,500	8.41%	\$5,607
INADEQUATE INVESTIGATION	6	4	5.63%	\$17,875	\$71,500	1.78%	\$14,512
FAILURE TO REACT TO CALENDAR	5	0	0.00%	\$0	\$0	0.00%	\$822
OTHER	5	3	4.23%	\$93,333	\$280,000	6.98%	\$8,604
CLERICAL ERROR	4	1	1.41%	\$18,500	\$18,500	0.46%	\$9,377
CONFLICT OF INTEREST	4	0	0.00%	\$0	\$0	0.00%	\$402
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	3	1	1.41%	\$5,000	\$5,000	0.12%	\$5,952
IMPROPER WITHDRAWAL FROM REPRESENTATION	3	2	2.82%	\$21,750	\$43,500	1.08%	\$11,835
LIBEL OR SLANDER	3	0	0.00%	\$0	\$0	0.00%	\$1,944
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

**TRENDS
OF THE TOP TEN
ERRORS OR OMISSIONS
OF 1997**

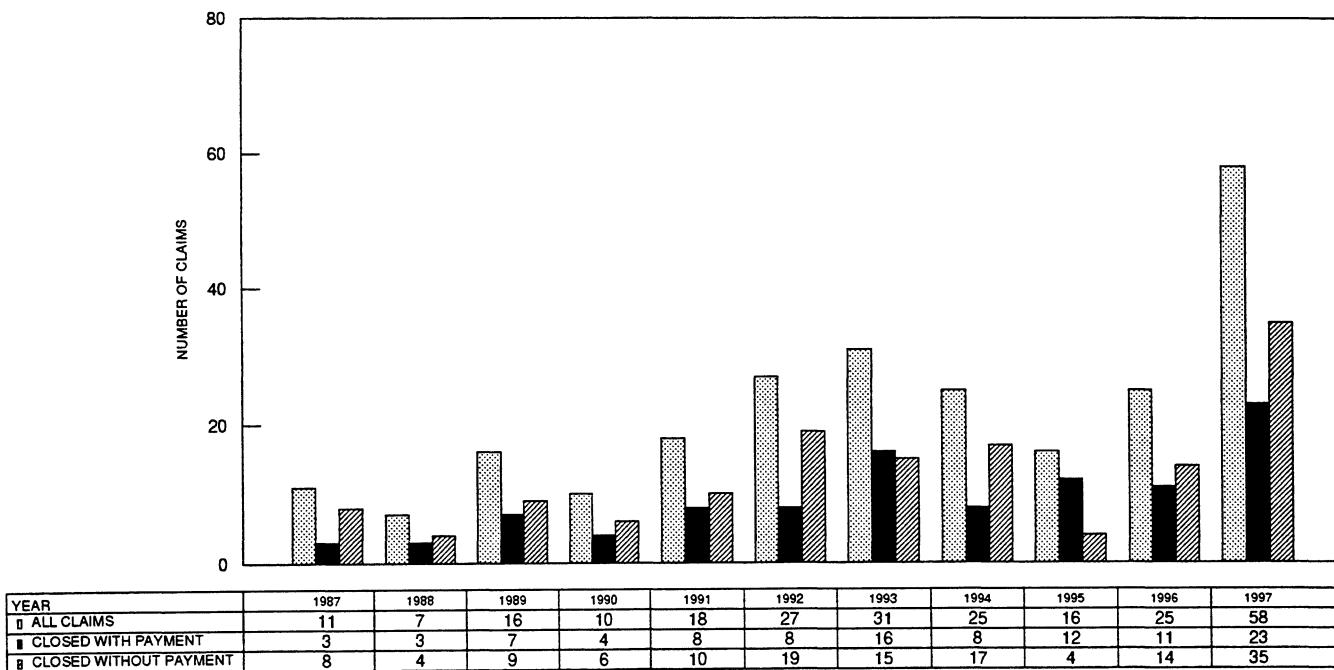


FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

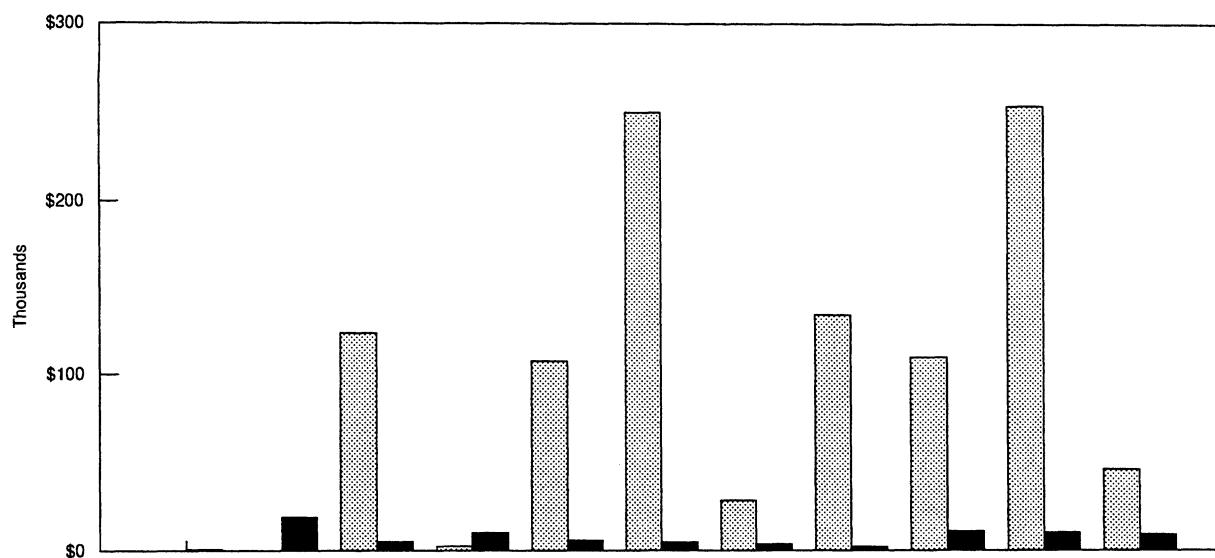


CLAIM COUNT

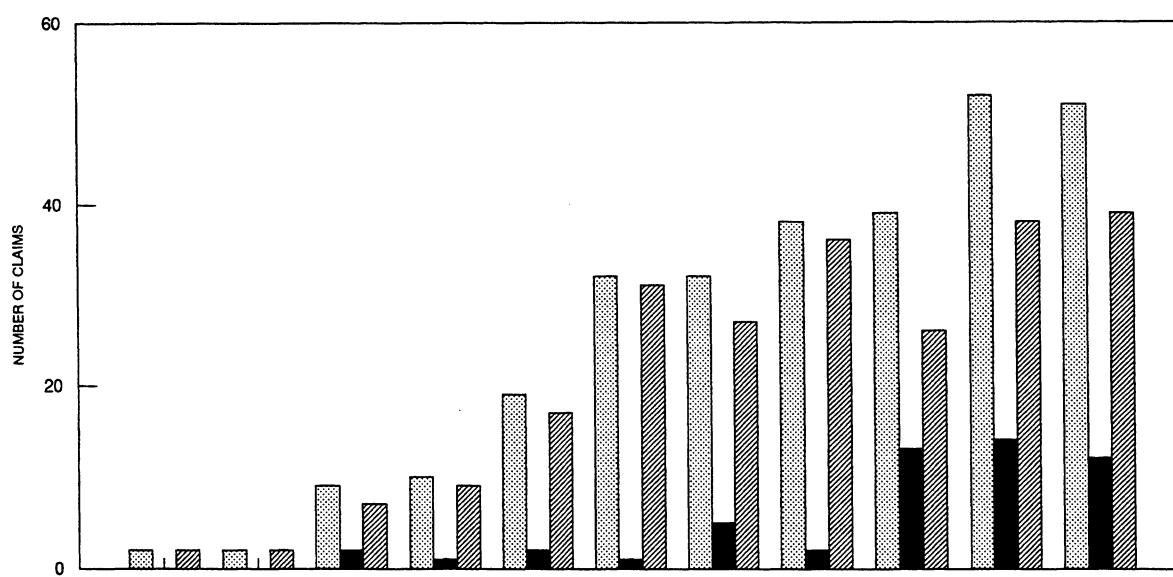


PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

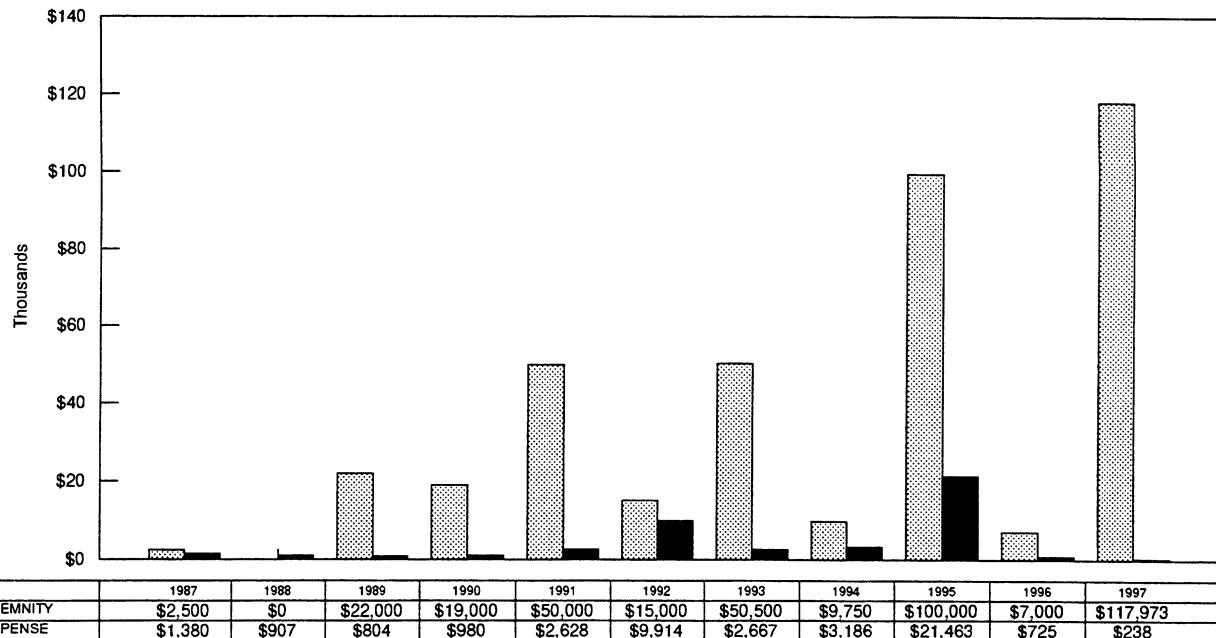


CLAIM COUNT

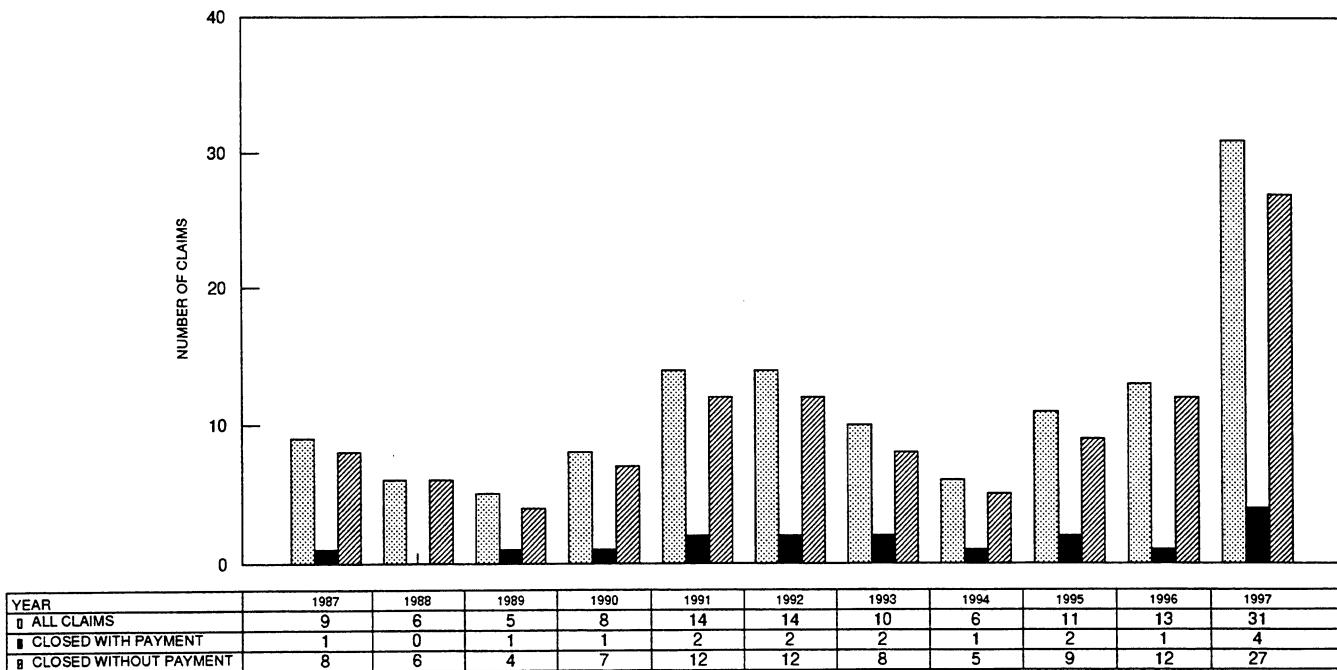


FAIL TO FOLLOW CLIENTS INSTRUCTIONS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

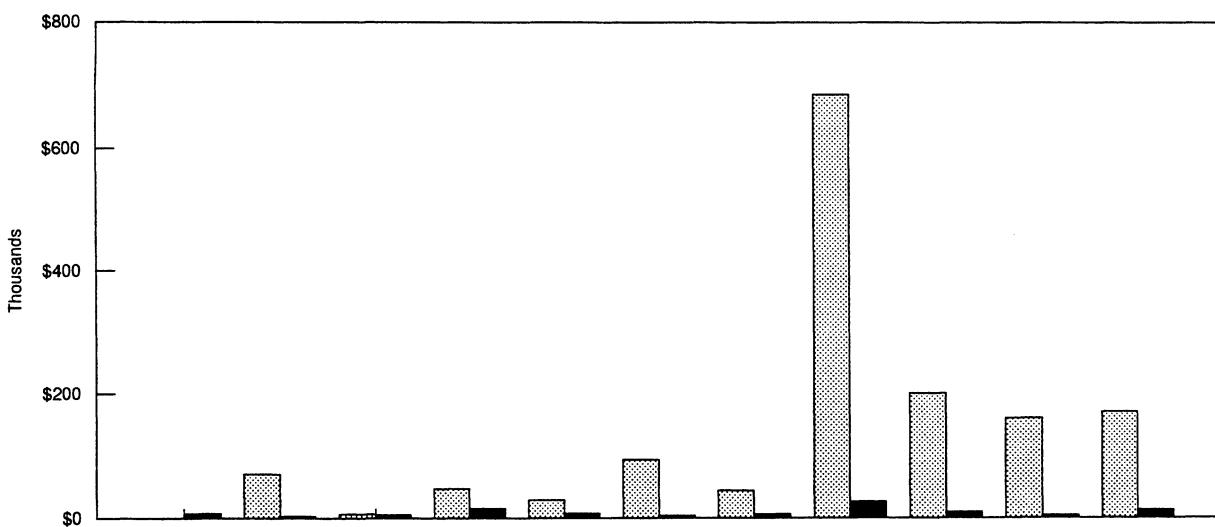


CLAIM COUNT

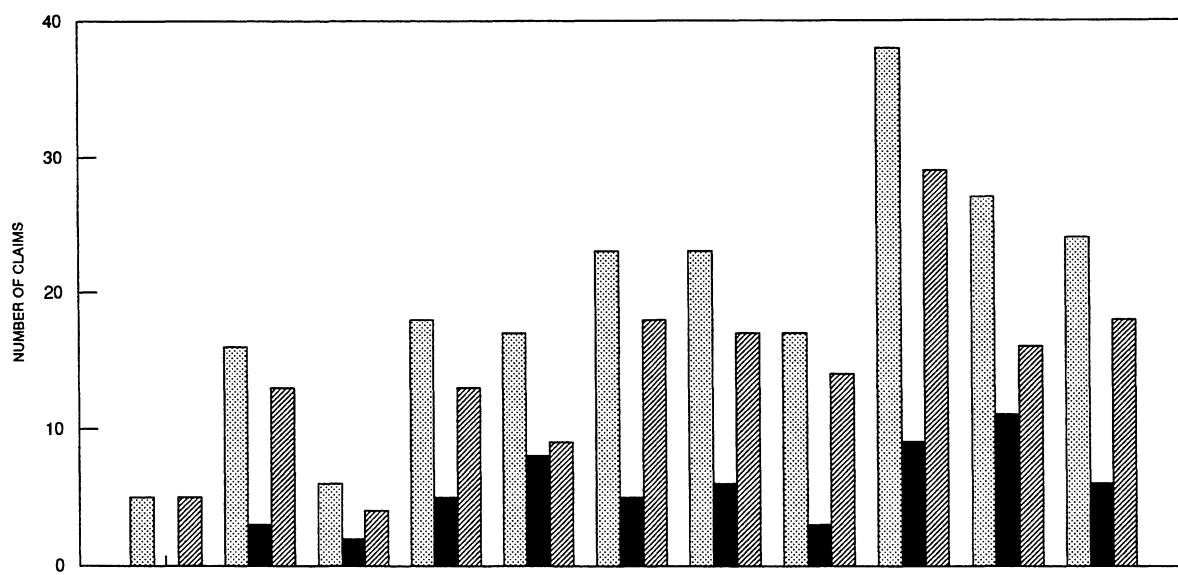


FAIL TO KNOW OR PROPERLY APPLY THE LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

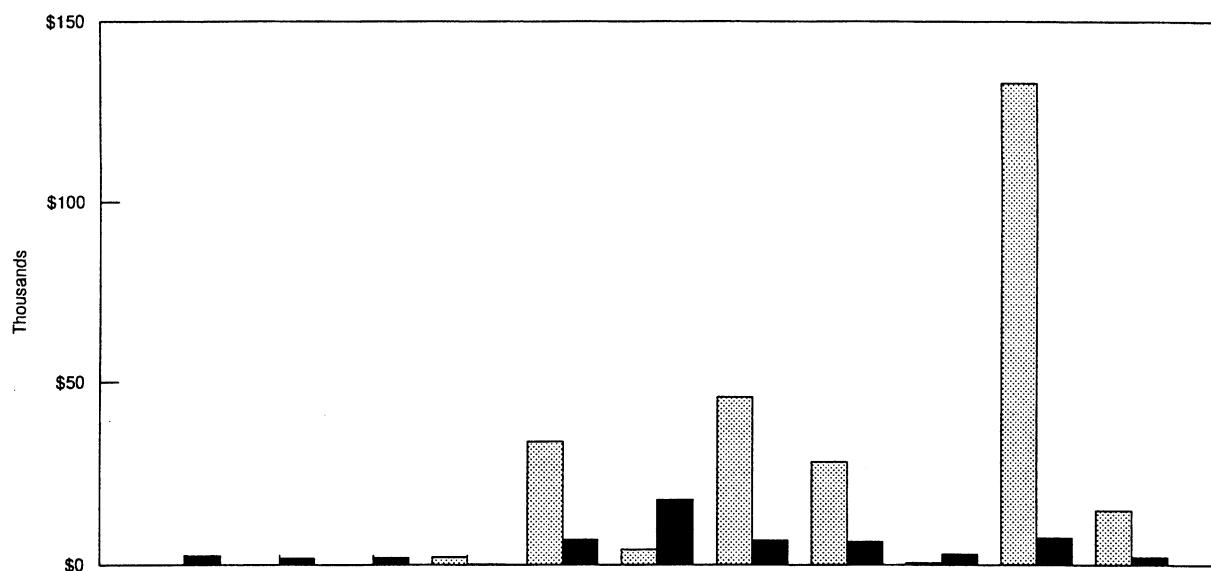


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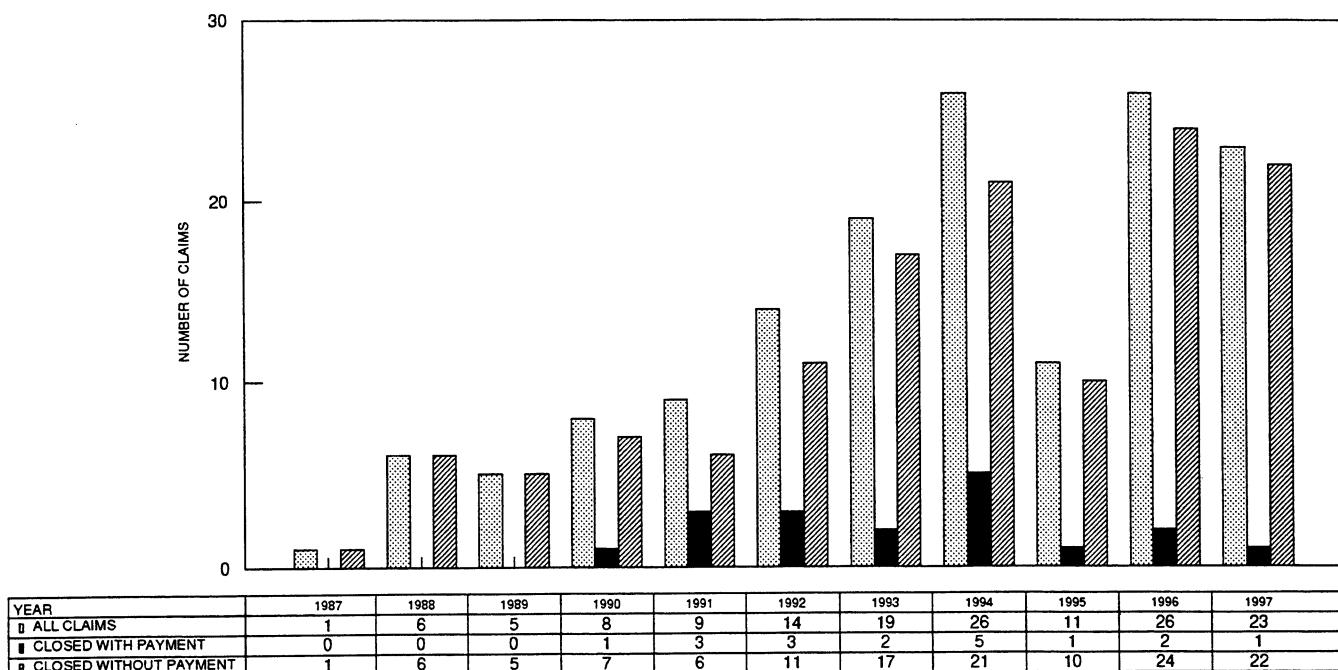


MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

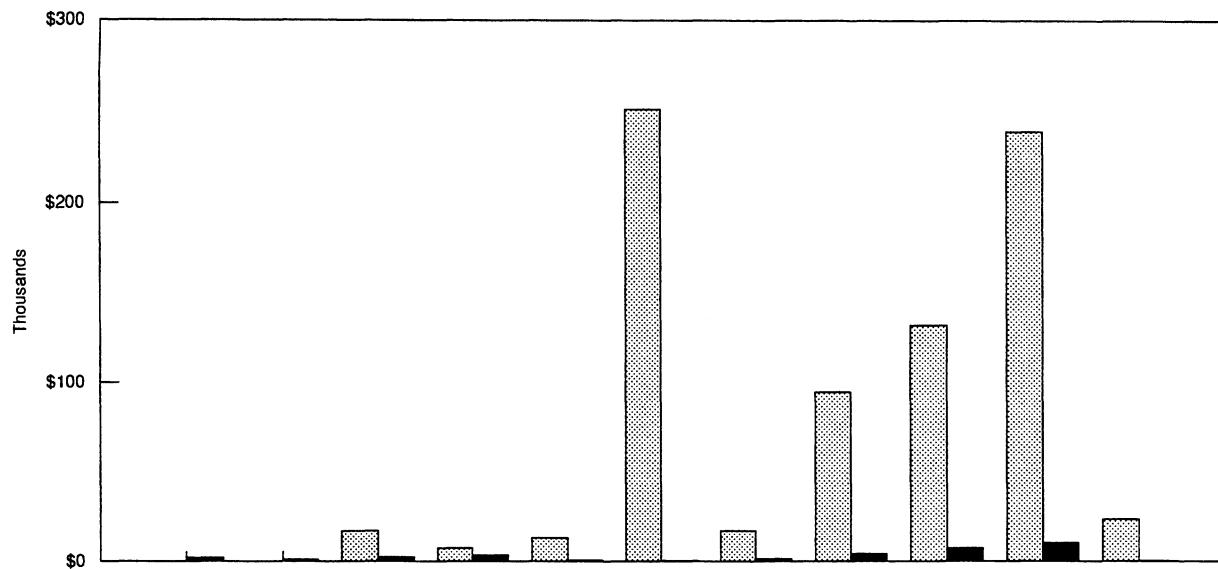


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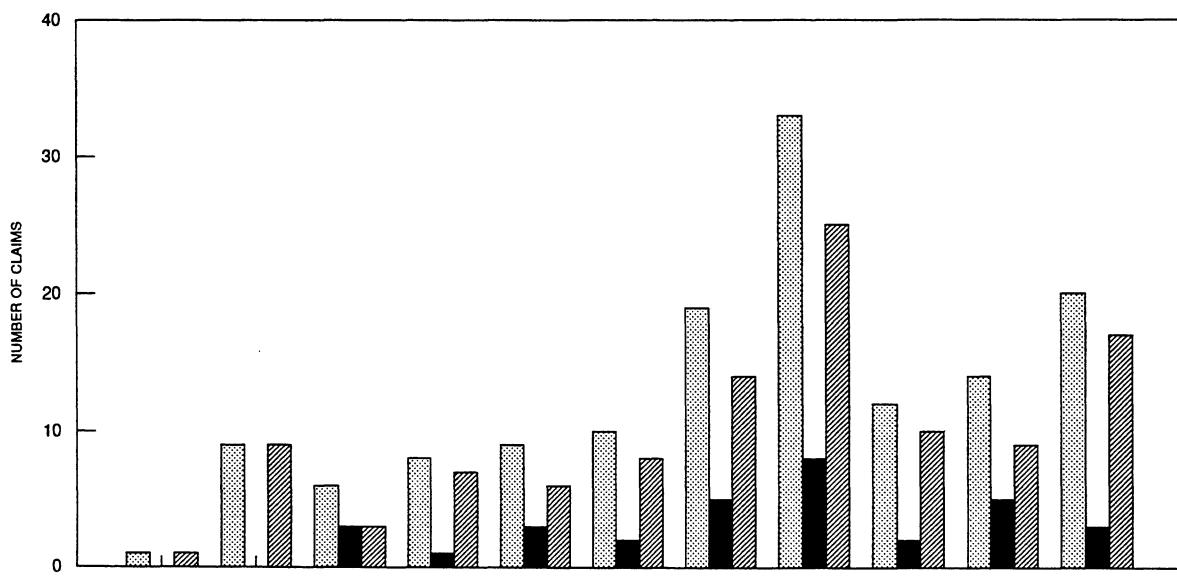


PROCRASTINATION OR LACK OF FOLLOW-UP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

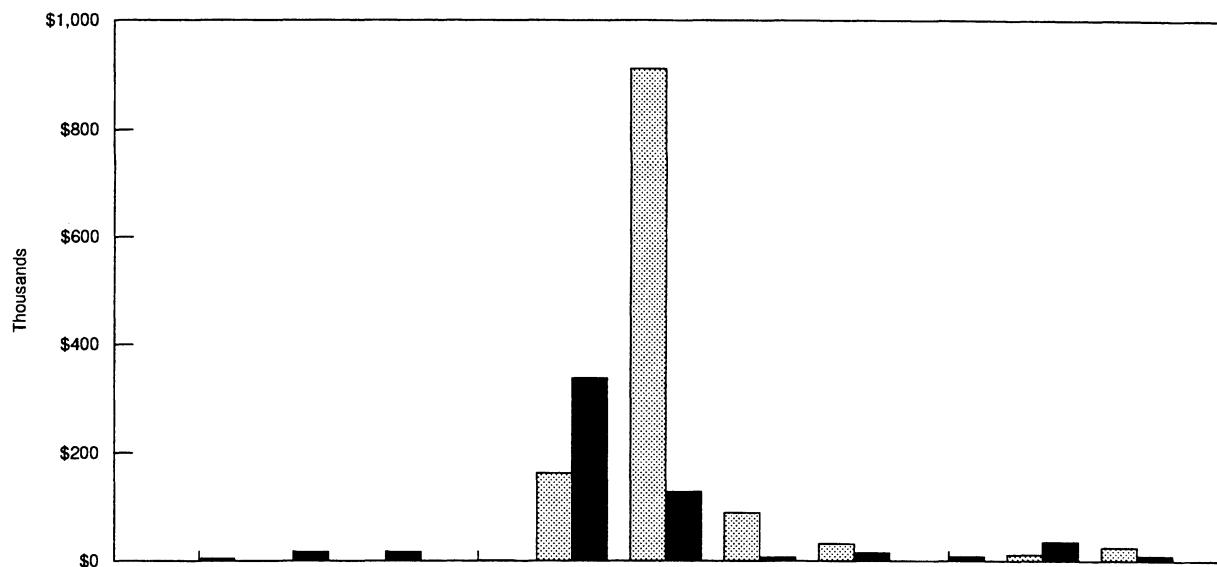


CLAIM COUNT

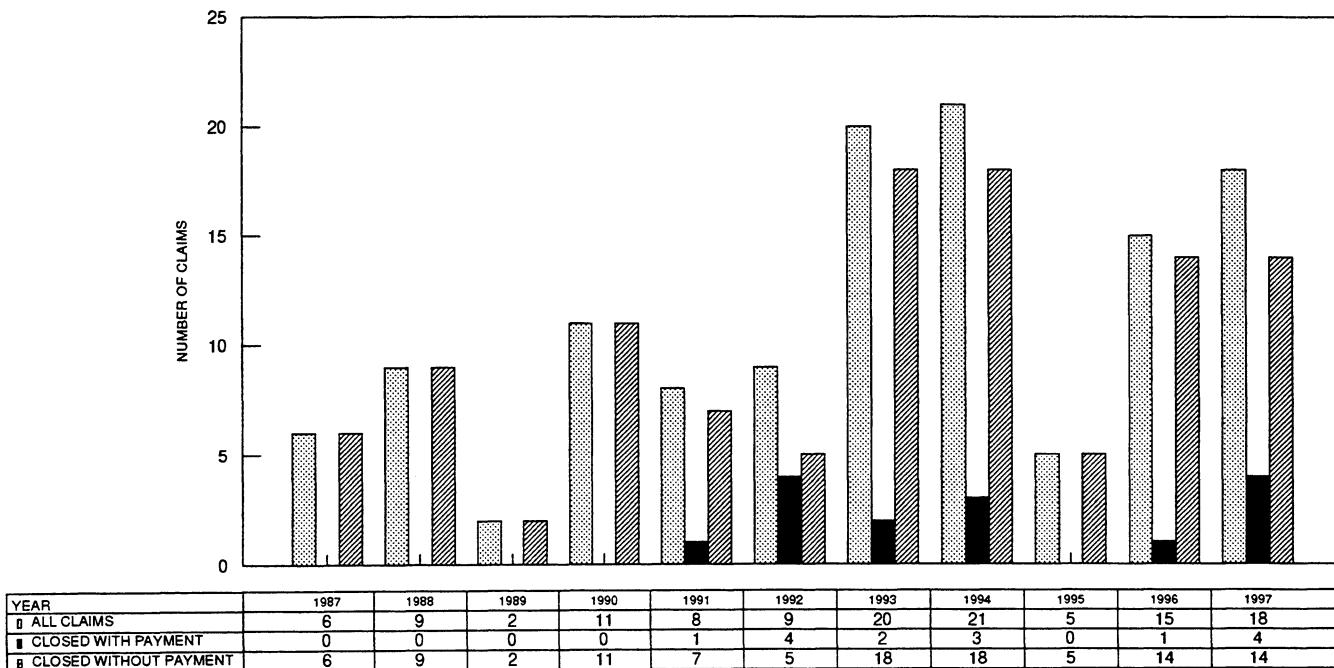


FRAUD

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

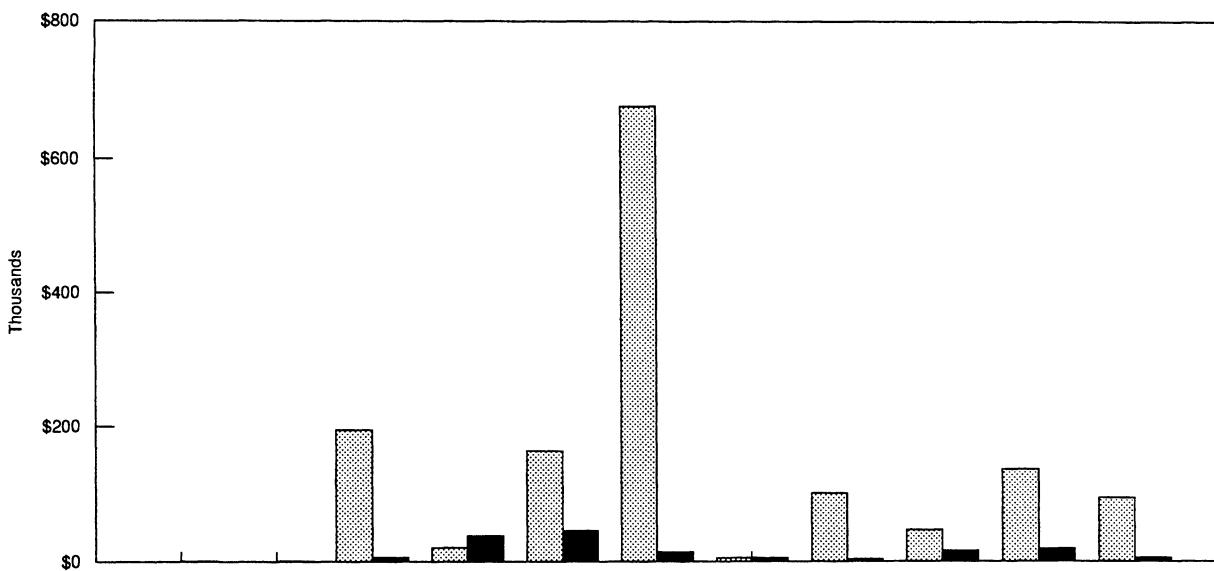


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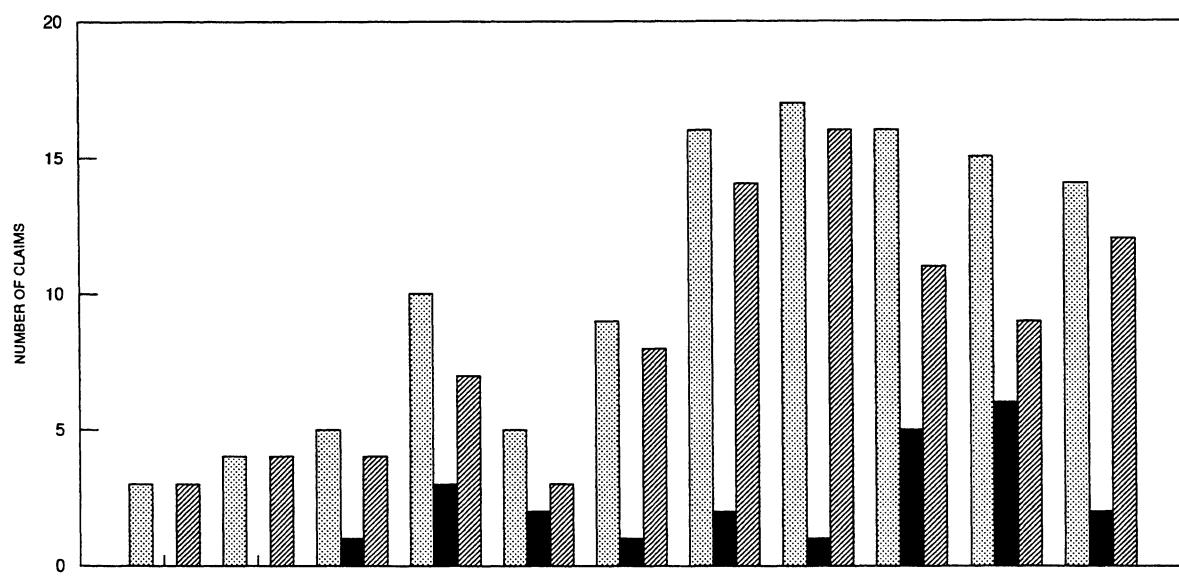


FAIL TO OBTAIN CLIENTS CONSENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

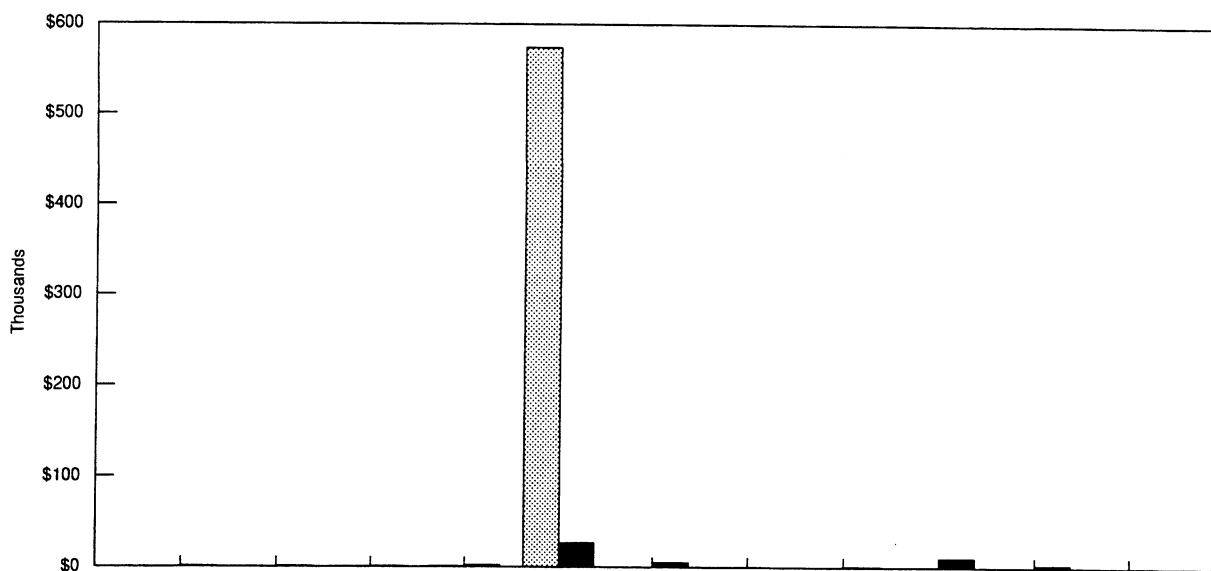


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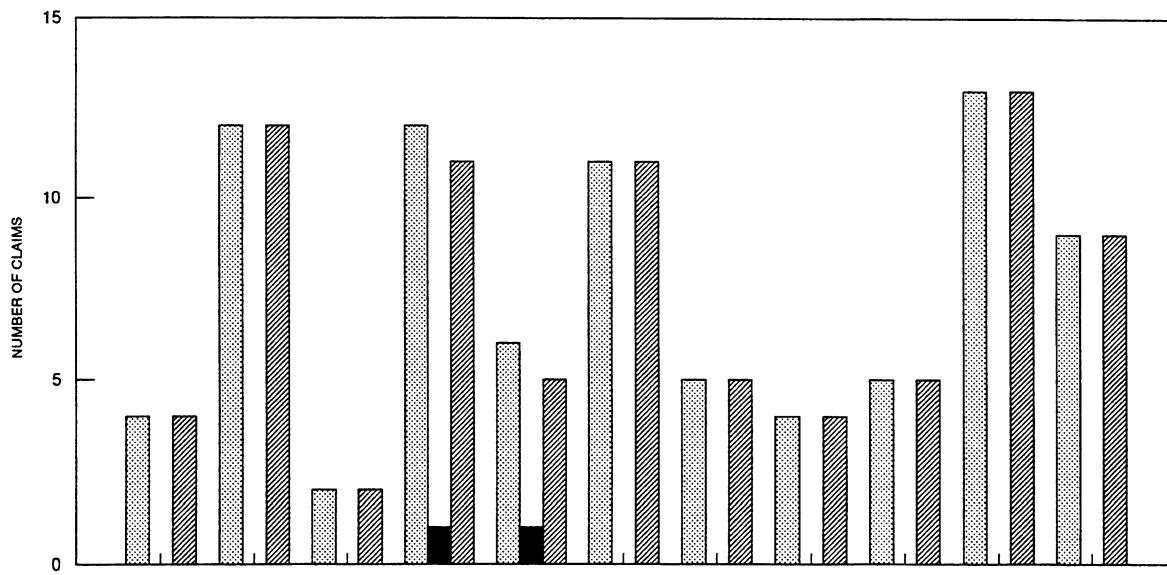


VIOLATION OF CIVIL RIGHTS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

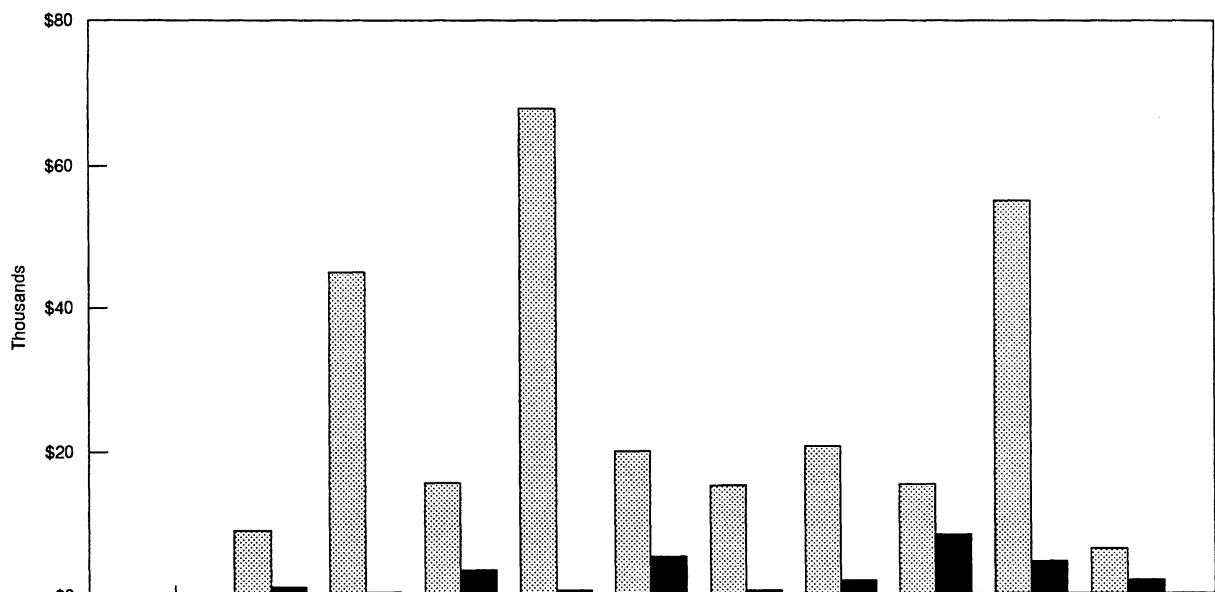


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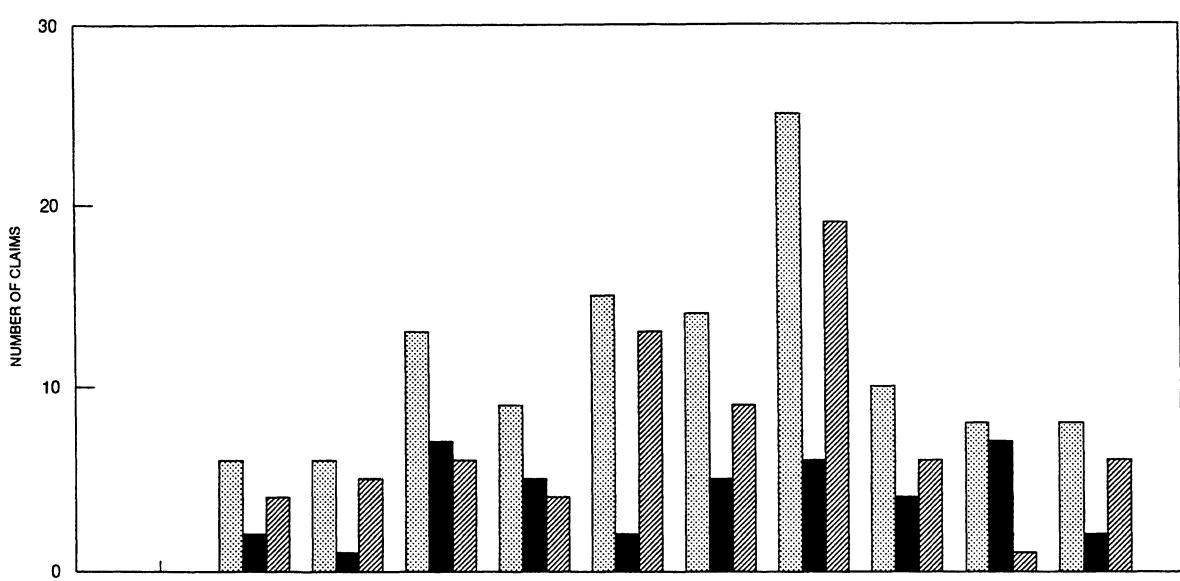


FAILURE TO CALENDAR PROPERLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
CLAIM DISPOSITIONS**



**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	817	233	44.98%	\$79,183	\$18,449,703	32.01%	\$1,879
BEFORE TRIAL OR HEARING	732	236	45.56%	\$122,132	\$28,823,210	50.01%	\$18,660
CLAIM OR SUIT ABANDONED	450	4	0.77%	\$203,750	\$814,998	1.41%	\$1,734
AFTER JUDGMENT, BEFORE APPEAL	71	5	0.97%	\$91,816	\$459,078	0.80%	\$9,156
AFTER APPEAL	55	11	2.12%	\$440,050	\$4,840,553	8.40%	\$65,502
DURING TRIAL OR HEARING	46	13	2.51%	\$208,578	\$2,711,516	4.70%	\$20,301
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	22	2	0.39%	\$97,531	\$195,061	0.34%	\$10,419
DURING APPEAL	20	8	1.54%	\$122,458	\$979,663	1.70%	\$36,744
NOT SPECIFIED	14	6	1.16%	\$61,000	\$366,000	0.63%	\$7,881
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

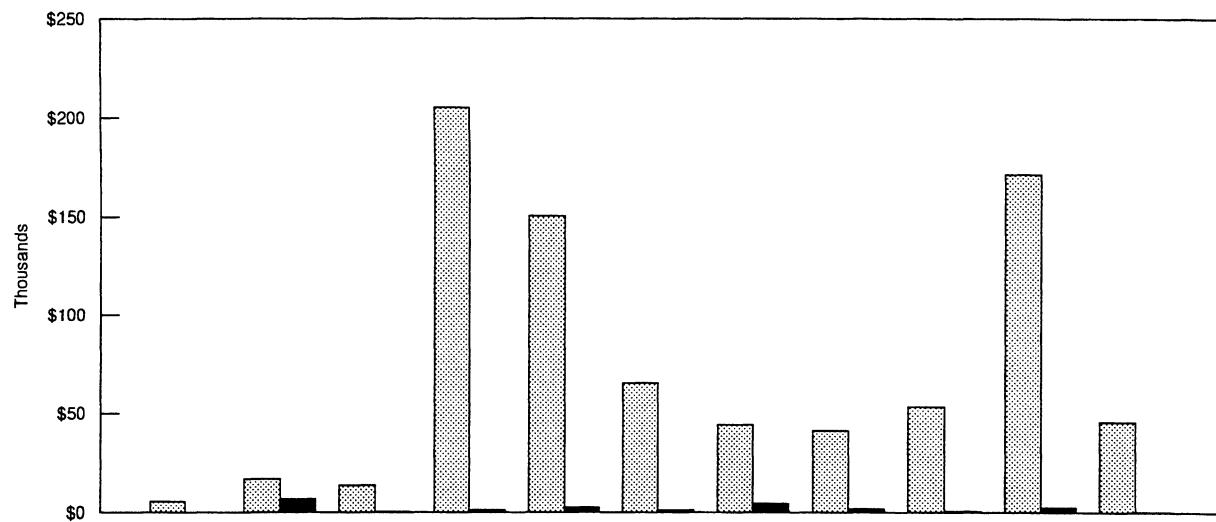
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	148	39	54.93%	\$45,979	\$1,793,168	44.69%	\$310
BEFORE TRIAL OR HEARING	105	31	43.66%	\$71,385	\$2,212,938	55.16%	\$9,975
CLAIM OR SUIT ABANDONED	24	0	0.00%	\$0	\$0	0.00%	\$336
AFTER APPEAL	6	0	0.00%	\$0	\$0	0.00%	\$47,740
DURING TRIAL OR HEARING	5	0	0.00%	\$0	\$0	0.00%	\$5,445
DURING APPEAL	4	1	1.41%	\$6,000	\$6,000	0.15%	\$22,257
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	3	0	0.00%	\$0	\$0	0.00%	\$1,485
AFTER JUDGMENT, BEFORE APPEAL	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

**TRENDS
OF THE TOP EIGHT
CLAIM DISPOSITIONS
OF 1997**

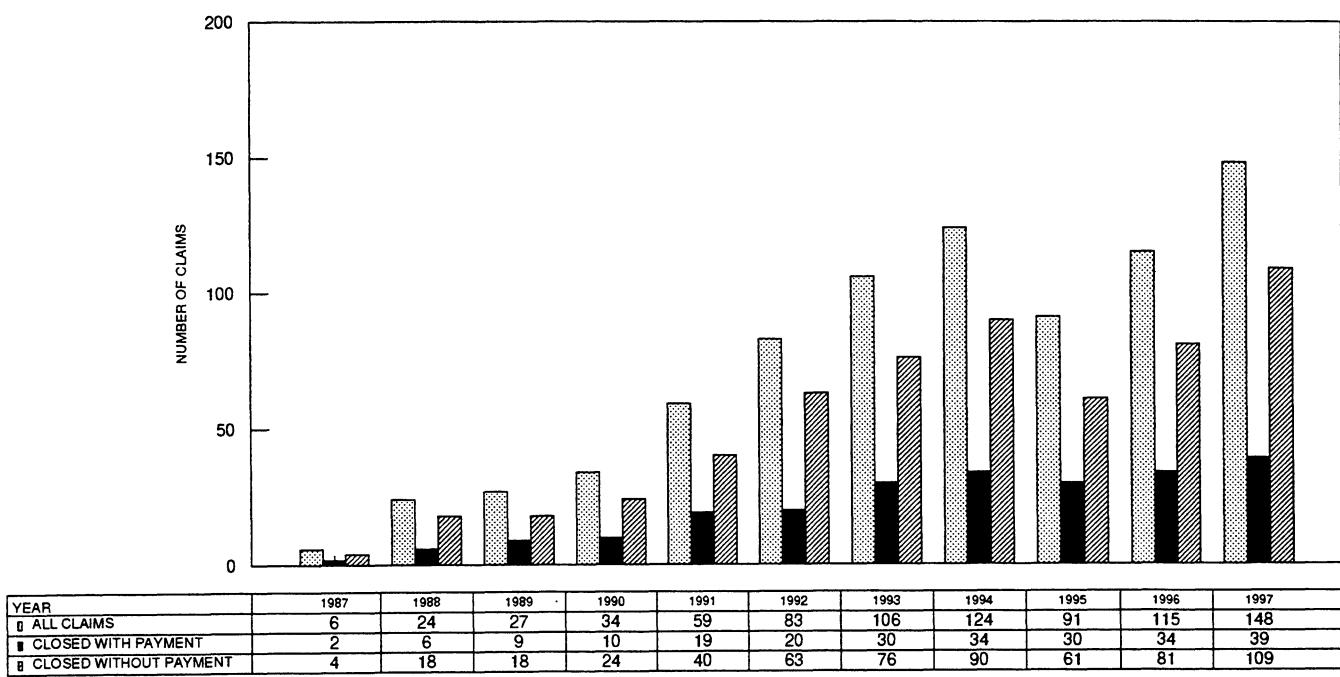


BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

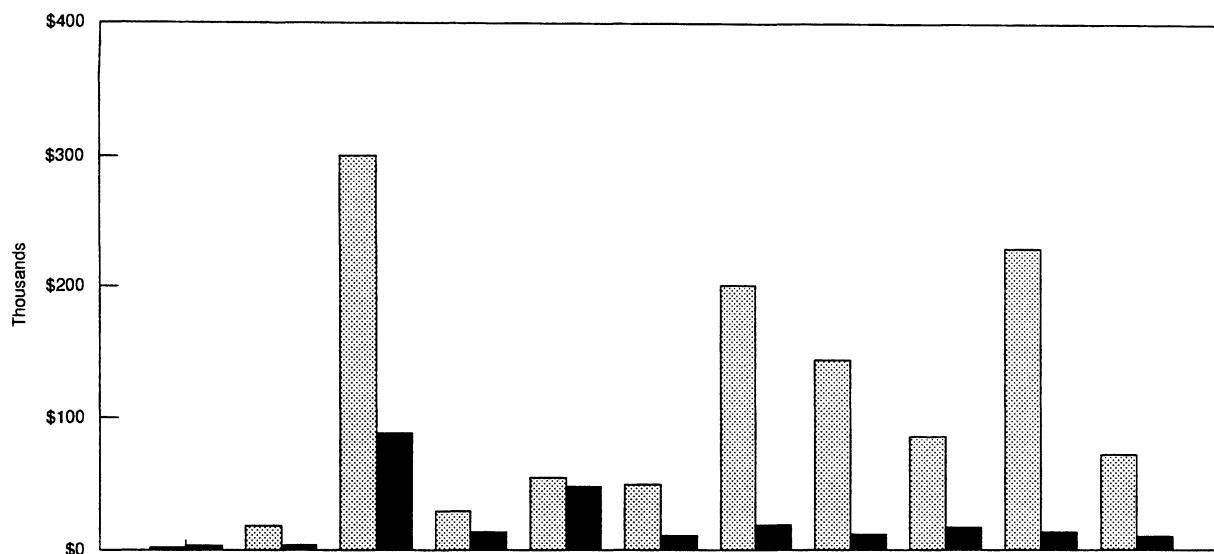


CLAIM COUNT

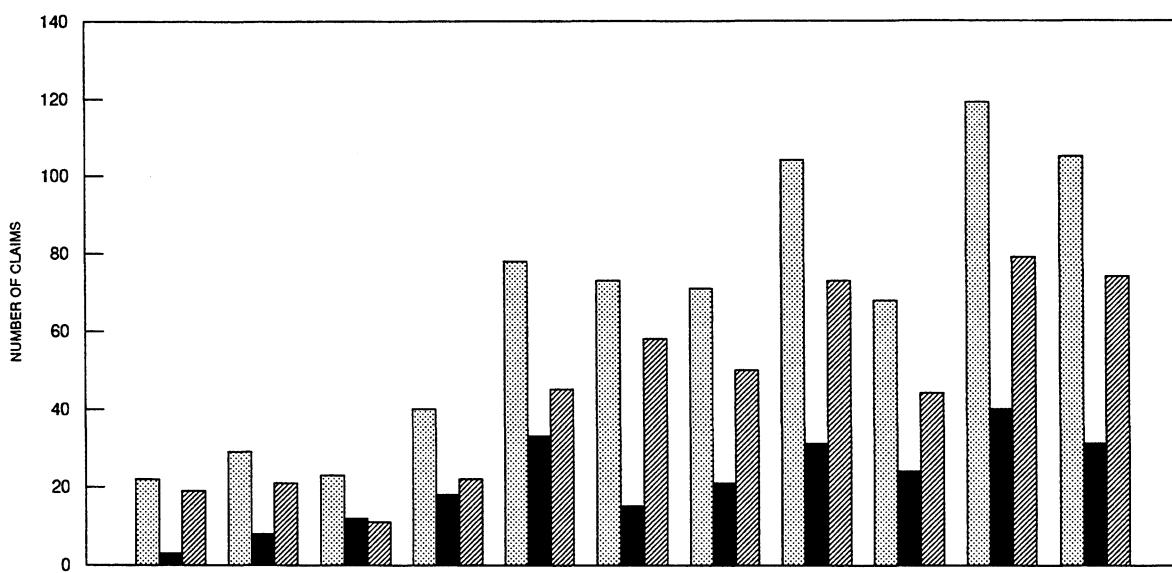


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

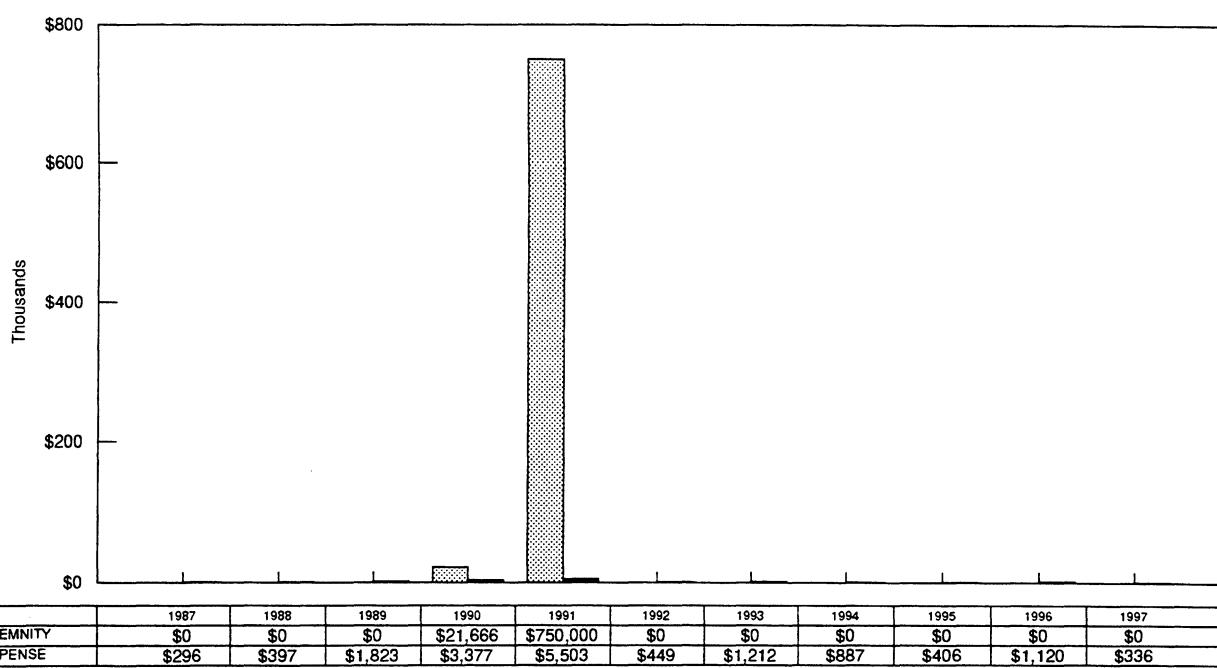


CLAIM COUNT

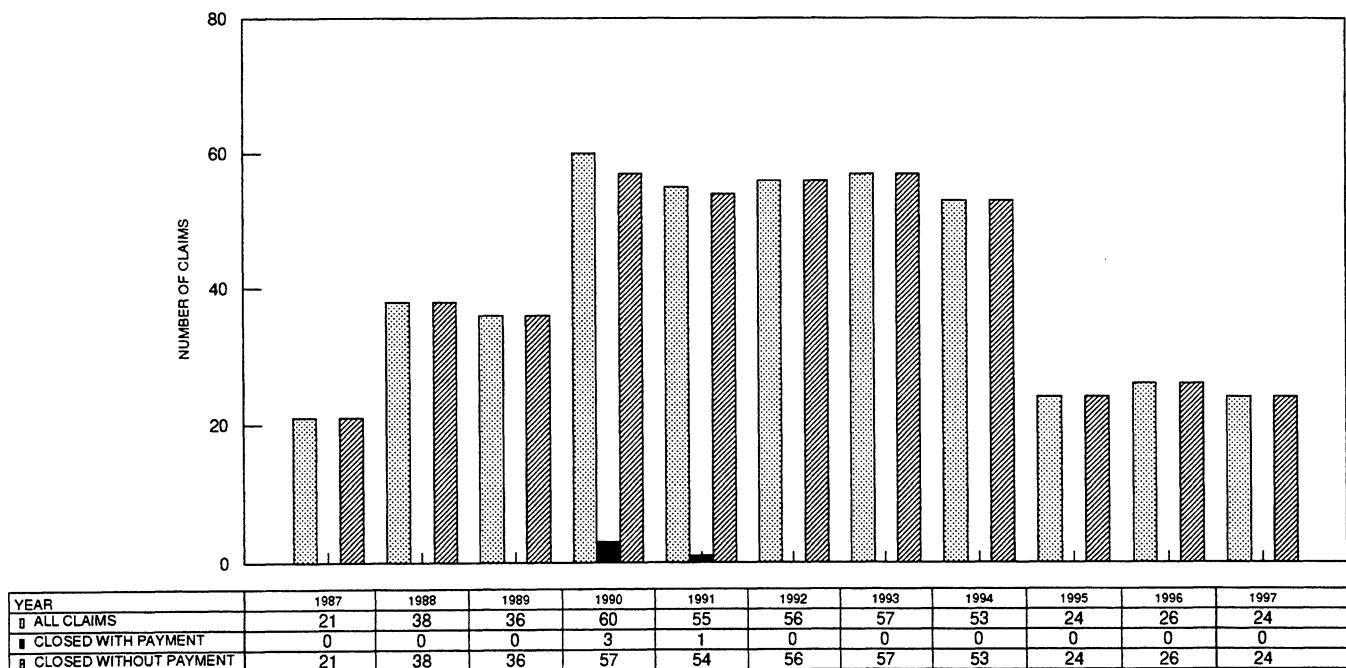


CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

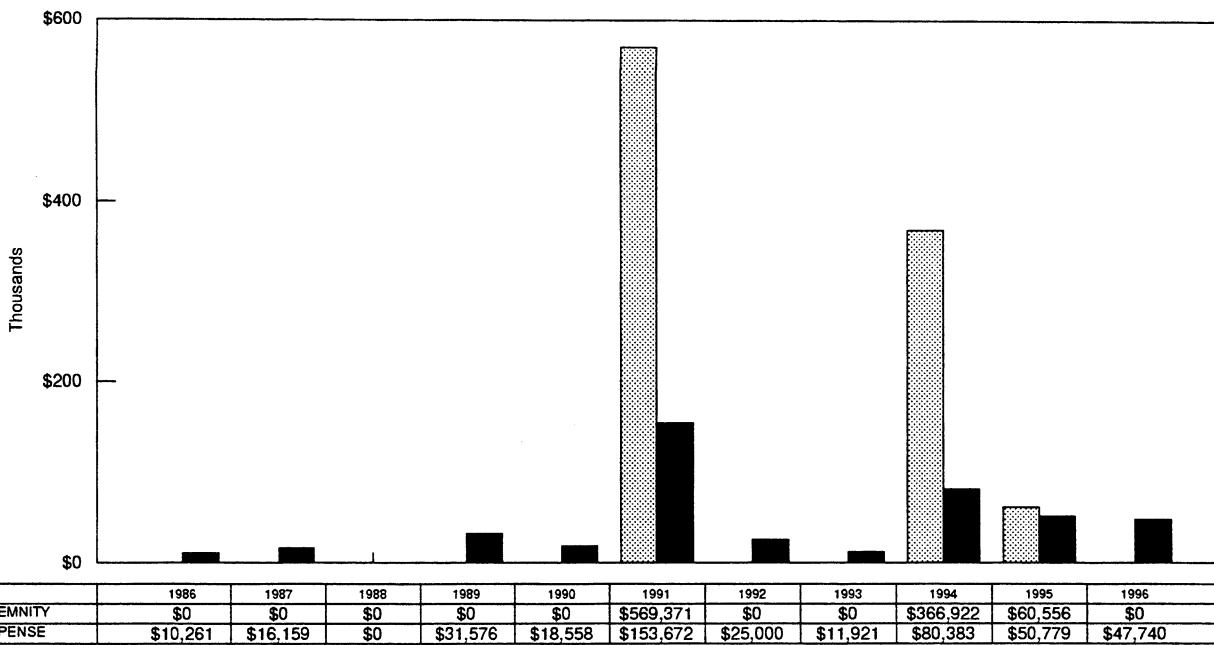


CLAIM COUNT

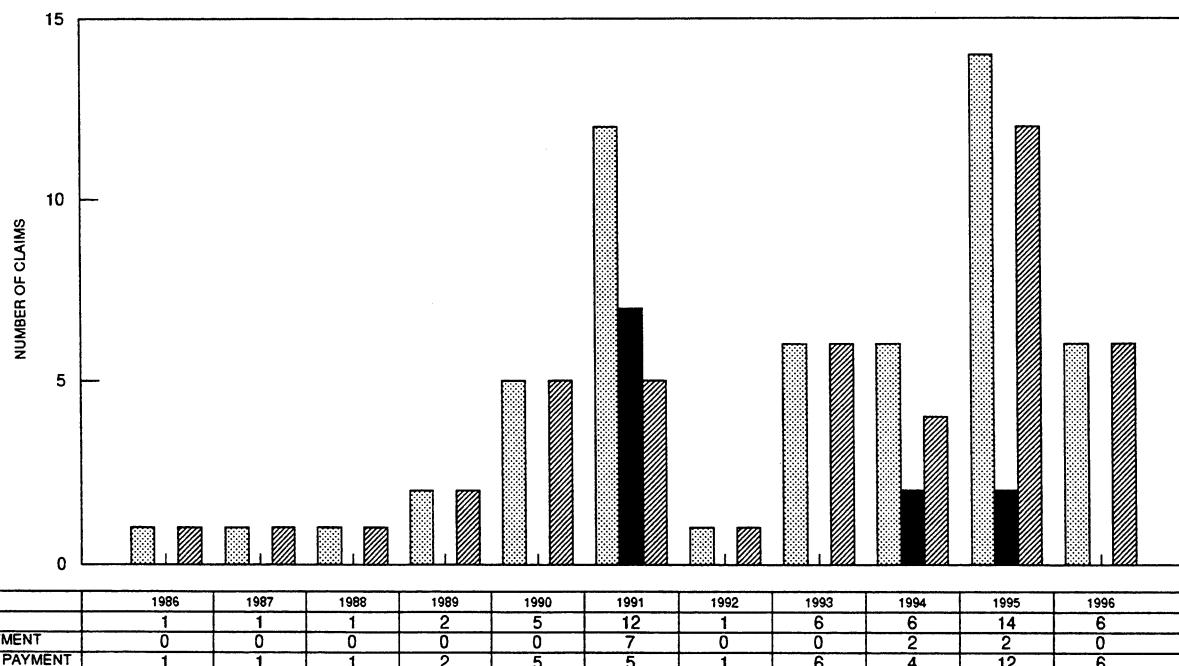


AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

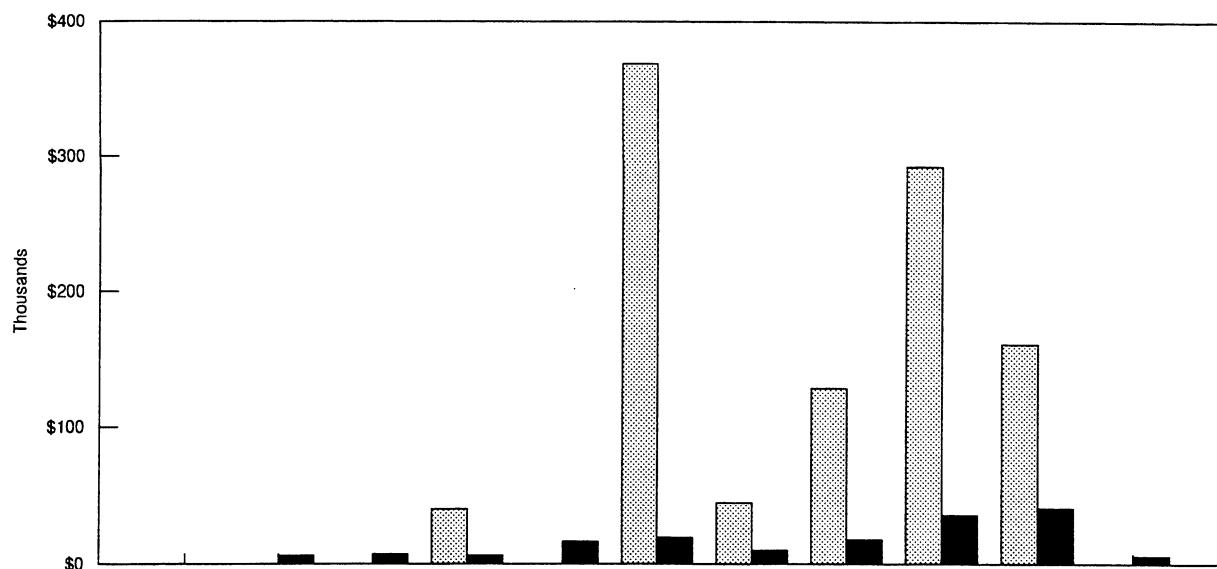


CLAIM COUNT

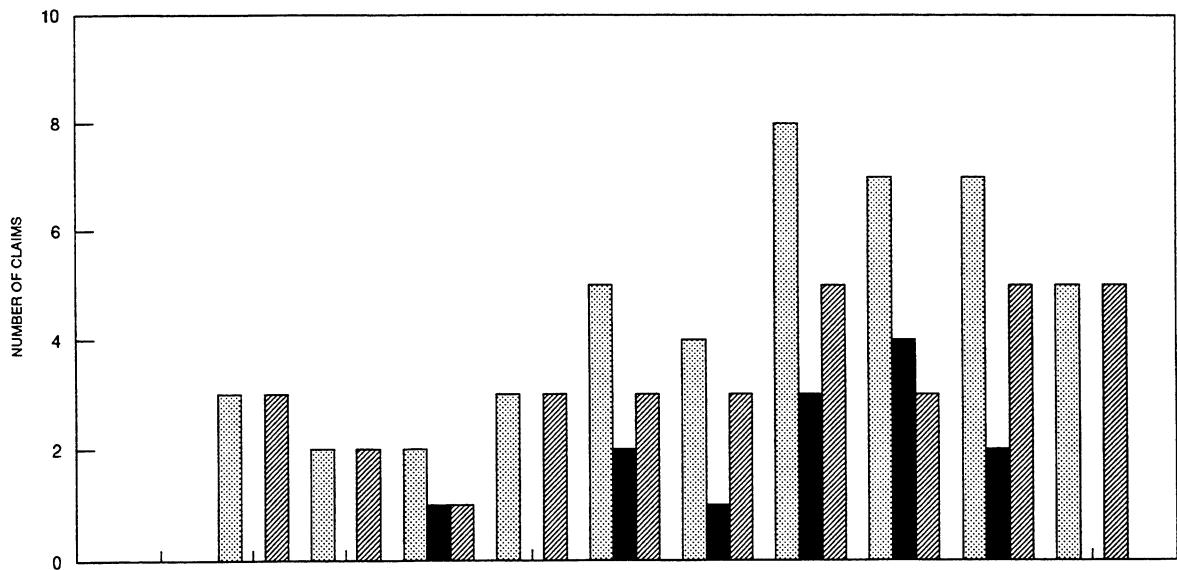


DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

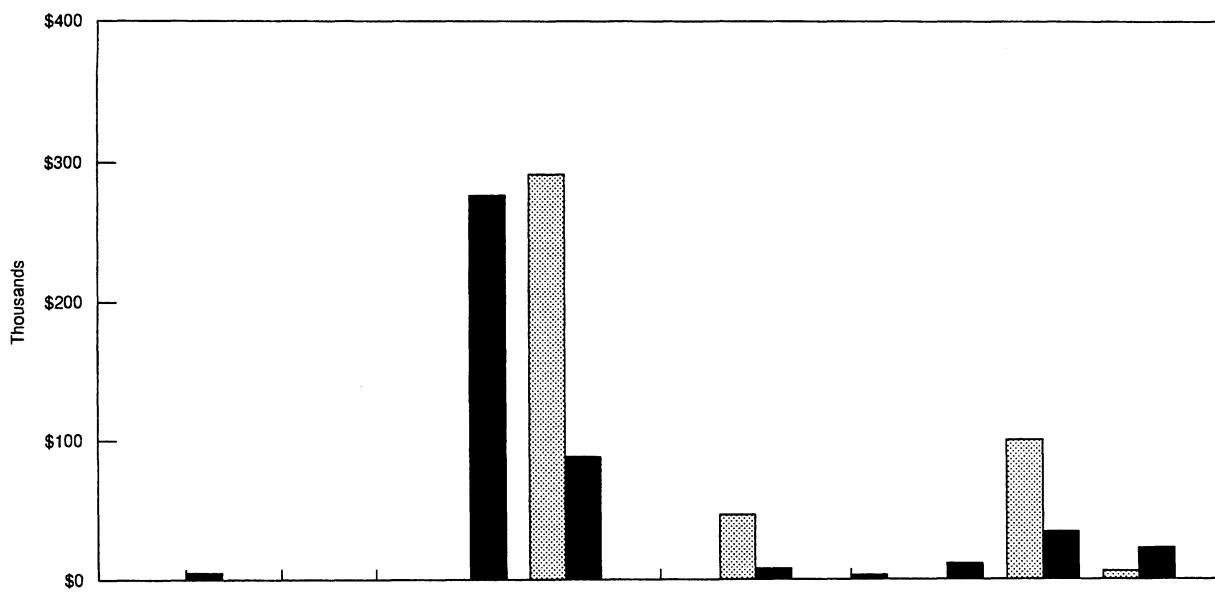


CLAIM COUNT

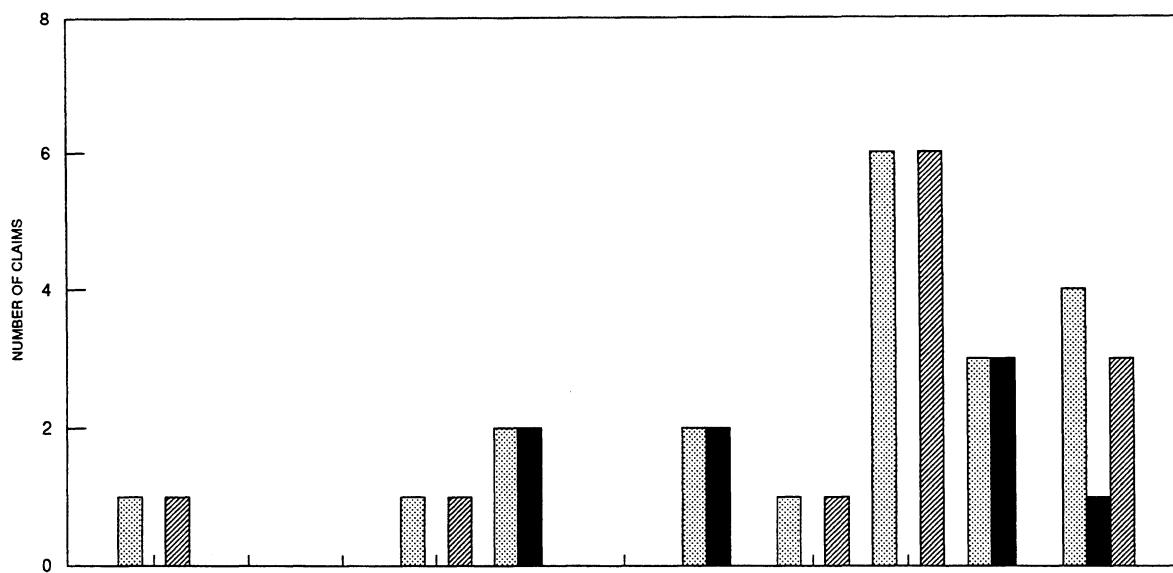


DURING APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

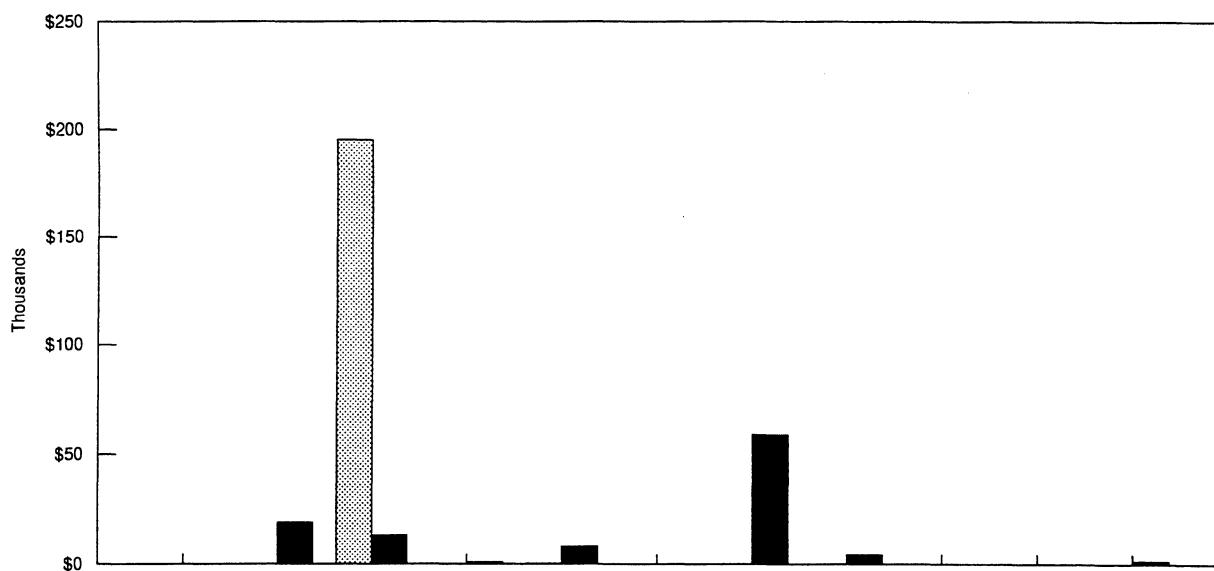


CLAIM COUNT

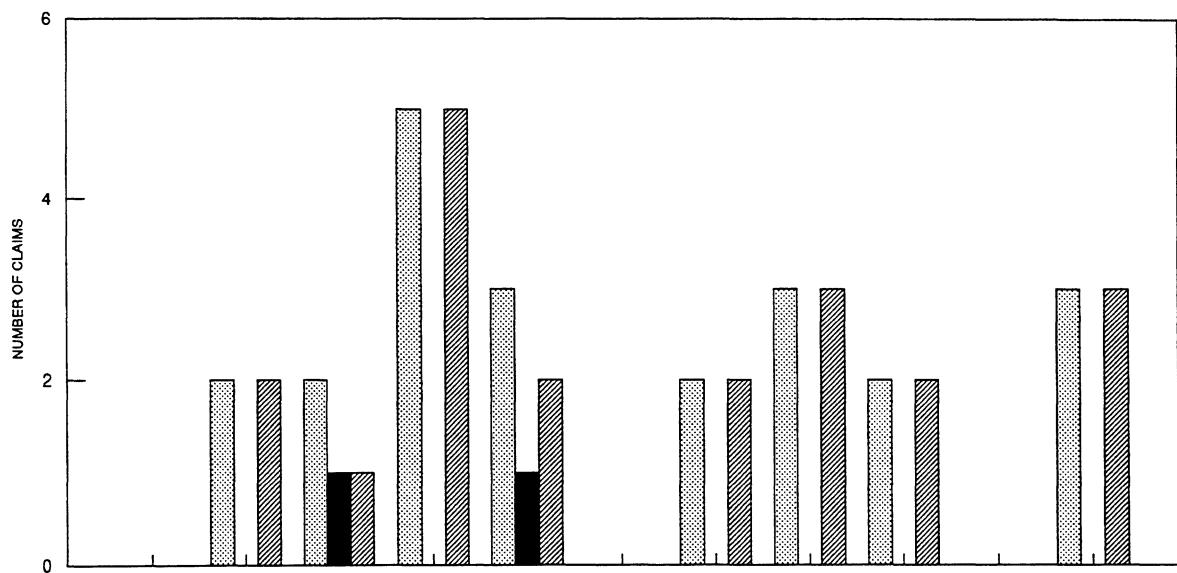


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



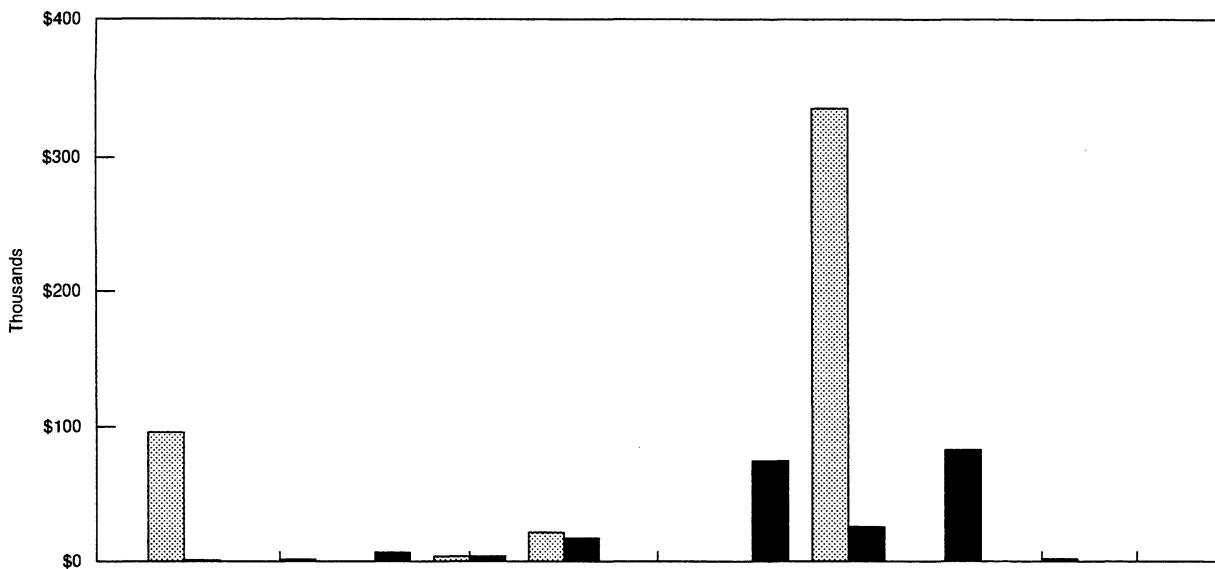
CLAIM COUNT



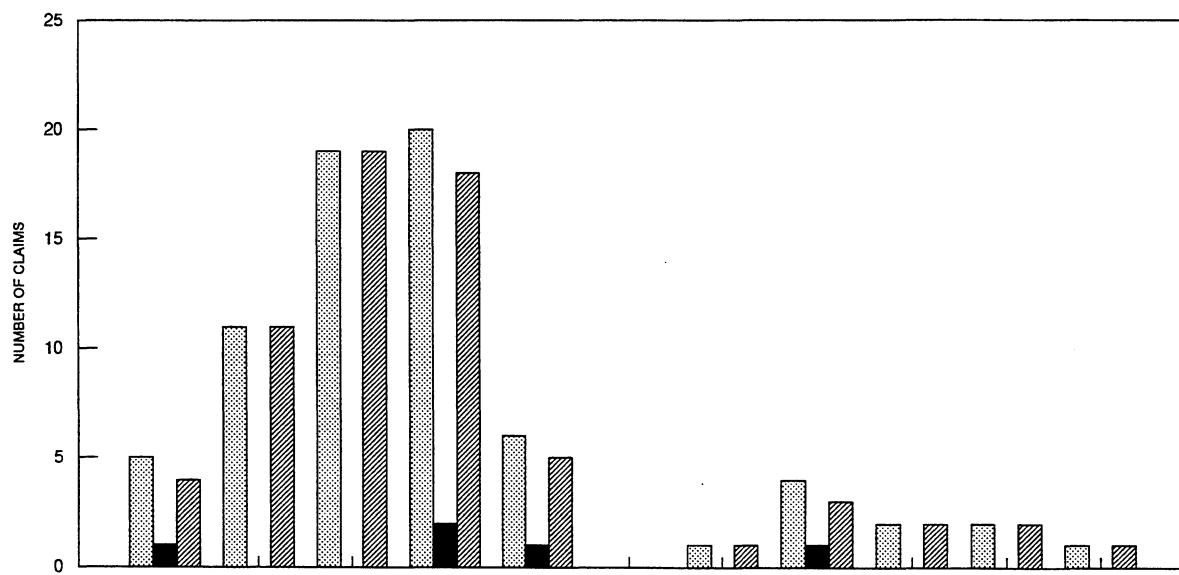
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	2	2	5	3	0	2	3	2	0	3
CLOSED WITH PAYMENT	0	0	1	0	1	0	0	0	0	0	0
CLOSED WITHOUT PAYMENT	0	2	1	5	2	0	2	3	2	0	3

AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	1,681	386	74.52%	\$125,022	\$48,258,429	83.72%	\$11,166
4 TO 10 YEARS	449	118	22.78%	\$67,981	\$8,021,743	13.92%	\$6,876
UNDER 4 YEARS	97	14	2.70%	\$97,115	\$1,359,611	2.36%	\$3,903
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	233	51	71.83%	\$42,097	\$2,146,923	53.51%	\$4,856
4 TO 10 YEARS	51	16	22.54%	\$92,199	\$1,475,183	36.77%	\$6,976
UNDER 4 YEARS	12	4	5.63%	\$97,500	\$390,000	9.72%	\$1,776
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

**ELEVEN YEAR SUMMARY
&
1997 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**



**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1987 - 1997**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE	1,584	423	81.66%	\$97,752	\$41,349,119	71.74%	\$6,571
NON-CLIENT	619	90	17.37%	\$180,124	\$16,211,164	28.12%	\$18,794
MEMBER PRE-PAID LEGAL PLAN	15	3	0.58%	\$16,500	\$49,500	0.09%	\$12,876
FREE LEGAL SERVICE	9	2	0.39%	\$15,000	\$30,000	0.05%	\$67
TOTAL	2,227	518	100.00%	\$111,274	\$57,639,783	100.00%	\$9,984

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 1997**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE	224	58	81.69%	\$55,120	\$3,196,934	79.68%	\$4,837
NON-CLIENT	70	11	15.49%	\$71,379	\$785,172	19.57%	\$6,071
FREE LEGAL SERVICE	2	2	2.82%	\$15,000	\$30,000	0.75%	\$9
TOTAL	296	71	100.00%	\$56,509	\$4,012,106	100.00%	\$5,096

PREMIUM AND LOSS DATA



**PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

1997 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	The Bar Plan Mutual Insurance Company	62.386%	9,096,206	9,754,456	5,453,659	55.91%
35181	Executive Risk Indemnity Inc.	12.457%	1,816,250	964,236	659,537	68.40%
20443	Continental Casualty Company	8.603%	1,254,331	894,751	1,020,656	114.07%
10037	Interlex Insurance Company	7.418%	1,081,582	834,268	145,436	17.43%
24767	St Paul Fire & Marine Insurance Company	3.574%	521,034	531,471	176,767	33.26%
19380	American Home Assurance Company	2.206%	321,673	191,754	(514,237)	-268.18%
26344	Agricultural Insurance Company	1.456%	212,292	203,849	243,593	119.50%
16691	Great American Insurance Company	1.064%	155,152	142,796	45,000	31.51%
24457	Reliance Insurance Company	0.340%	49,535	49,535	2,879	5.81%
35289	Continental Insurance Company	0.209%	30,503	29,014	23,083	79.56%
23817	Illinois National Insurance Company	0.192%	28,000	4,591	804	17.51%
33723	American Spirit Insurance Company	0.095%	13,854	13,898	48,946	352.18%
19445	National Union Fire Ins Co of Pittsburgh	0.000%	0	0	34,700	N/A
20427	American Casualty Co of Reading PA	0.000%	0	0	620,570	N/A
21083	International Insurance Company	0.000%	0	0	58,470	N/A
35270	Fidelity and Casualty Co of NY	0.000%	0	0	6,364	N/A
36781	VASA North Atlantic Insurance Company	0.000%	0	0	32,968	N/A
Total		100.00%	14,580,412	13,614,619	8,059,195	59.20%

ELEVEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1987	5,907,114	1,200,442	357,699	29.80%
1988	9,260,469	1,391,682	761,906	54.75%
1989	11,516,685	10,804,382	2,553,682	23.64%
1990	13,470,027	13,141,708	3,682,919	28.02%
1991	13,328,666	12,830,301	16,296,819	127.02%
1992	12,851,244	12,030,069	10,439,781	86.78%
1993	12,862,384	13,214,324	10,510,114	79.54%
1994	16,489,175	15,654,256	15,863,938	101.34%
1995	15,119,433	16,142,706	11,619,877	71.98%
1996	13,807,557	14,103,128	7,300,262	51.76%
1997	14,580,412	13,614,619	8,059,195	59.20%
11-Year Total		139,193,166	124,127,617	87,446,192
				70.45%

